FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT
No. 28,900 Friday October 15 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 35; DENMARK Kr 7.00; FRANCE Fr 5.00; GERMANY DM 2.00; ITALY L 1,100; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 60; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.00; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

SDP in support move for EEC

The SDP is going on the offensive in its support for continued membership of the EEC and a phased programme of nuclear disarmament.

The leadership believes it ran tap the popular mood in favour of disarmament and deal with the criticism of the EEC by stressing the job losses they think would occur from withdrawal.

These points were made clear by David Owen on the fourth day of the party's rolling conference in Derby. Back Page: Page 11

Pole shot dead

A man, 20 was shot dead by Polish police during rioting in Krakow. In Warsaw, underground Solidarity leader Zbigniew Bujak called for a strike in support of Gdansk workers Page 3

Aircraft hijacked

Bulgarian airliner, carrying 70, landed in Vienna after being hijacked by a knifeman, thought to be Polish.

Danes strike

Thousands of Danes went on strike in protest at austerity measures proposed by the government. General Election threat, Page 2

Tejero can stand

A Spanish court ruled that Lt-Col Antonio Tejero, jailed for storming the Madrid parliament in an attempted coup last year, can stand for election.

MP freed

A white member of Zimbabwe's parliament, Wally Stuttaford, was freed after being acquitted of subversion.

Heart cash

A £350,000 Government grant has been made to Papworth and Harefield hospitals to enable them to continue their heart transplant programmes.

Passenger killed

A woman was killed and 12 people were injured when a bus and car transporter collided in Kingston, Surrey.

Belfast race

Belfast is to stage a marathon next year and the 26-mile course will take runners through some of the most troubled areas of the city.

Weapons worry

Concern in Whitehall is growing over a report, to be published on Monday, which suggests that the Church of England should support a policy of nuclear disarmament. Page 9

Families moved

About 750 people were evacuated from an Ipswich council estate when a fire started in a chemical warehouse.

Gatting banned

England cricketer Mike Gatting was banned from driving for a year and fined £200 by Cambridge magistrates after admitting a drink-drive offence.

Briefly . . .

French police held two members of the banned Action Directe group thought to be linked with gun and bomb attacks in Paris.

Swedish Navy dropped depth charges again in its hunt for mystery submarines near its top secret Muskoe base.

BUSINESS

Dollar firm; gold down in U.S.

● GOLD rose $20 to $451.6. In New York the Comex October close was $440.3 ($454.8). Page 30

● DOLLAR was firm. It rose to DM 2.5155 (DM 2.5075), FFr 7.1225 (FFr 7.0950), SwFr 2.1480 (SwFr 2.1380) and Y267.9 (Y266.1). Its trade-weighted index was 123.8 (123.5). Page 31

● STERLING lost 45 points to $1.7065. It rose to DM 4.2950 (DM 4.29), FFr 12.15 (FFr 12.1375), and SwFr 3.6675 (SwFr 3.66). Its trade-weighted index was unchanged at 92.8. Page 31

● GILTS: The Government Securities Index fell 0.27 to 83.10 on sustained selling in conventional stocks. Page 39

● EQUITIES: The FT 30-share index was unchanged at 604.9. Page 39

● WALL STREET was down 15.63 to 999.45 near the close. Page 38

● FOSTER WHEELER INTERNATIONAL of the U.S. has won the management consultancy contract for a petrochemical complex in Nigeria, expected to cost about $2bn. Back Page

● NEWS International, Rupert Murdoch's UK publishing group, saw profits fall sharply to £3.21m from £26.12m for the year to June 30. Back Page

● BRITISH AIRWAYS had a net profit of nearly £75m in the five months from April to August, £100m better than in the same period last year. Page 9

● EL AL directors are expected to recommend that the Israeli Government closes the airline because of a refusal by staff to accept a reorganisation plan. Page 4

● INTERNATIONAL Sugar Organisation asked EEC countries to reduce their sugar exports to halt a slump in international prices. Page 30

● CHASE MANHATTAN of New York third quarter earnings lifted to $124m (£70.1m) from $116m. MANUFACTURERS HANOVER improved in the same period to $85m from $70.6m. CONTINENTAL ILLINOIS of Chicago net earnings dropped in the same period to $32.3m from $67.3m. Page 32

● TIME INC, the U.S. communications and forest products group, net earnings were $35.2m (£20.6m) in the third quarter against income from continuing operations of $38.8m last year. The group is to launch an international edition of Fortune, its business magazine, in January. Page 32

● HONDA MOTOR, the Japanese motorcycle and car manufacturer, reported a 6.6 per cent fall in net profits to Y36bn (£79m) for the first half to August 31. Page 34

● EMPIRE STORES (Bradford), the mail order company, had a pre-tax loss of £1.97m for the first-half against profit of £312,000. Page 26; Lex, Back Page

Vantona to take over Carrington Viyella in textile shake-up

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A MAJOR restructuring of the textile industry is expected within the next few days with the announcement that Vantona, famous for its Horrockses towels and sheets, is to take over Carrington Viyella.

Mr Davoud Alliance, managing director of Vantona, was said last night to be in meetings with his bankers tying up final technical details.

Vantona's share price closed 4p down yesterday at 106p after a loss of 9p on Wednesday. This made a drop of 28p since the start of last week. Carrington Viyella was unchanged at 9p.

The stock market was awash with reports yesterday that Vantona had offered one of its shares for every eight of Carrington Viyella, which would value Carrington at about £24m.

It is believed that ICI, which owns 49 per cent of Carrington, had given an assurance that it would not dispose of its holding for some time, but ICI refused to comment on this last night. The merger would give ICI a quarter stake in the new company, expected to carry the Viyella name somewhere in its title.

The merger, which would create a company with a turnover of about £360m a year, compared with Tootal's £419m or Courtaulds' £1.44bn from its textile interests alone, would be the first large-scale rationalisation in the industry since Carrington Viyella was put together by ICI in a shotgun marriage in 1970.

Carrington Viyella, which markets under such names as Dorma sheets and towels, Viyella shirts and clothes, Van Heusen shirts and Donaghadee carpets, has fought a long and unsuccessful battle with the debts it inherited from the time it was created.

Though it is trading in the black, its massive interest charges, amounting to £8.6m in 1981, and the cost of the rationalisation programme which has seen its workforce cut from 22,000 to 14,000, meant that it had an after-tax loss of £19.96m last year.

This was a big improvement on the £31.65m loss in 1980, but there is no doubt that the company had reached the end of the road as a separate entity.

It began to look for a suitor about two years ago, and approached a number of potential candidates. It held long talks with Nottingham Manufacturing and Courtaulds—the latter broke down early this year.

Discussions with Vantona are understood to have begun in April, and went so well that at one time it was thought the deal would be completed by August. But a series of technical matters have delayed things until now.

Vantona has also had problems recently. Its turnover fell from a peak of £116.96m in 1979 to £104m last year. At the half-way stage this year it reported a turnover of £48.8m.

It has a much healthier balance sheet and its ratio of borrowing to net assets is considered satisfactory. It made a pre-tax profit of £5.84m in 1981.

Industrially, it is considered, the merger would make a lot of sense.

There are overlapping areas, and rationalisation could lead to some cuts in the combined workforce of the two companies, which is about 22,000.

The Office of Fair Trading has been informed of the deal, and is understood to have placed no objections in its way.

British Rail trims fare rise to 7% after pressure

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL has climbed down over its proposed 10 per cent fares increase which was due to be implemented next month. Instead, fares will go up by an average of 7 per cent on January 9.

The decision was taken because of pressure from the Government to keep the increase in line with the rate of inflation expected by the end of the year.

In return, BR can expect to receive financial help from the Government in the current year when it expects to report a trading loss of about £230m.

The Government may increase the Public Service Obligation (PSO) paid to BR for running the "social railway" in recognition of the effects of the recession on passenger receipts. The PSO this year stands at £860.

The rate of the fares increase has been the subject of intense discussions within BR over the past weeks. The decision has been helped by the fact that passenger business has picked up more rapidly in the post-strike period than expected.

The National Union of Railwaymen decision this week to discuss productivity along the lines recommended by the McCarthy tribunal has also helped.

BR is anxious to maintain a competitive edge in the passenger business so that it can hold on to customers won back since the strikes. This has been done largely through attractive promotion fares and marketing policies designed to ensure that passengers renew their Railcards.

Sir Peter Parker, BR chairman, said yesterday: "It has been a hard year, but the recovery for rail is on the way. We've been cutting costs and streamlining our business to stay competitive.

"The passenger business has shown positive signs of recovery in recent weeks and BR is confident that the productivity improvements achieved in 1982 will be reflected in future reductions in costs."

Rail fares last went up in November 1981 by an average of 9.5 per cent.

BR looks like exceeding its External Financing Limit (EFL)—the maximum it can receive from the Government in grants and loans—by some £60m in 1982-83. Discussions are being held with the Government on a revision of the EFL. It is likely this will be reflected in the EFL to be agreed for 1983-84.

OFT to look at Motorail, Page 8

Stags expect an ITT bonanza

BY CARLA RAPOPORT

A £31m bonanza, give or take a little, is in store for British investors, courtesy of International Telephone and Telegraph (ITT).

British stags, who sharpened their teeth on the Amersham International and Cable and Wireless issues in the past year have been filling out applications by the thousands for the 40m shares ITT is selling in its British subsidiary, Standard Telephones and Cables (STC). They aim to sell their shares for a quick profit as soon as they receive them.

Last week, the U.S. conglomerate decided to sell half its stake in its UK subsidiary. It fixed the price for the 40m shares at 525p to raise £210m.

Since then, the shares have jumped to 602p. This guarantees an immediate 14.6 per cent profit for successful applicants who decide to sell their shares, assuming the price holds up until next week.

Thousands are betting that the price will hold. Midland Bank was moving into battle formation yesterday, anticipating huge crowds of investors who hope to meet this morning's 10 am application deadline.

"It's not quite the opening of Star Wars, but almost," said Mr James Brosnan, a senior assistant manager at the Midland Bank, Pepys Street, London branch. There will be an extra 200 staff members to cope with the applicants and the bank is opening its doors at 8 am to keep street queues to a minimum.

"There is a bit of mass hysteria about it," a merchant banker involved in the deal admitted yesterday. The share price was fixed last Friday by ITT, STC, their bankers and brokers. The previous day, the shares had closed at 545p.

Since then, interest rates have fallen further and stock markets on both sides of the Atlantic have been strong. Stock market analysts yesterday predicted that the issue would be heavily oversubscribed, perhaps by as much as 20 times.

This would mean that more than £1bn worth of application cheques are likely to be tied up for the next few days as Midland Bank sorts out the successful applicants.

The STC offer for sale is the biggest public offering in the UK since the Government sold half its shares in Cable and Wireless last year. In February, the Government's sale of shares in Amersham International attracted so many applications that the Bank of England had to intervene on a massive scale to make sure that the issue had no effect on money market interest rates.

Midland Bank said yesterday that it had already received about 17,000 applications for shares. It estimated that some 160,000 applications would arrive today.

"We hope to have it set up so people will walk in one side and out the other, but they'll probably be jumping in and jumping out. I'm sure there will be a lot of jostling," Mr Brosnan said.

Allotment letters are expected to be sent out next week. S. G. Warburg, the merchant bank is advising ITT, while stockbrokers to the issue are Cazenove and L. Messel.

Background, Page 7; ITT turns to home market, Page 32

BP and Sohio big spenders in Alaska

BY PAUL BETTS IN NEW YORK

BRITISH PETROLEUM and its U.S. affiliate, Standard Oil of Ohio, emerged as the big spenders in the U.S. Government's keenly awaited oil and gas lease sale in Alaska's Beaufort Sea.

The oil industry bid a total of $2.07bn (£1.21bn) for the right to explore offshore in the so-called Diapir area, near the rich oilfield of Prudhoe Bay.

Sohio, the U.S. oil company 53 per cent owned by BP, and BP's Alaskan subsidiary, BP Alaska Exploration, offered with other partners nearly $1bn for 24 tracts.

The two BP subsidiaries spent between them nearly $700m for the right to drill in what is regarded as potentially one of the richest offshore oil areas in the U.S.

Sohio is one of the three Prudhoe Bay oil producers, with Atlantic Richfield and Exxon.

The other big spender was Texaco, which took a total of 13 tracts with bids amounting to as much as $520m.

The total $2.07bn in bids for 125 of the 338 tracts in the Diapir area, believed to hold nearly $5bn barrels of oil and substantial natural gas reserves, was the highest ever for an Alaskan lease sale.

The biding failed to top the $2.6bn the oil industry bid on a Gulf of Mexico lease sale two years ago.

The tracts offered by the Government cover a total of 1.8m acres. The hottest competition was on 13 tracts about 20 miles offshore. A group including Sohio, BP Alaska Exploration and Mobil submitted the highest bid for a single tract in the area totalling $227.2m.

A Sohio official yesterday said his company spent a total of $400m.

The bidding, in spite of the general slowing in the oil market and the decline in oil company revenues and earnings, aggressively reflects the oil companies' keen interest in Alaska.

One interesting aspect was the wide difference in some of the offers made by the oil companies, either as individuals or as groups, with some bids especially high and others more cautious.

The second-largest bid for the tract for which the Sohio BP-Mobil Group offered

Continued on Back Page
U.S. awash with oil lakes, Page 5

Total and Elf in £1.2bn North Sea project

BY RAY DAFTER, ENERGY EDITOR

TWO French companies, Total and Elf Aquitaine, are to develop a North Sea oil and gas field at a cost of more than £1.2bn. Total said the work would provide up to 3,500 jobs—mostly in the UK—over the next five years.

The project will involve the exploitation of the North Alwyn discovery. It will provide an important boost for the depressed offshore supplies industry which has been forced to lay off several thousand workers in the past year.

The British Steel Corporation will be among those bidding for major new contracts. There were suggestions within the corporation last night that the prospect of orders from North Alwyn and other North Sea projects could influence the steel industry's latest survival plan, which is being drawn up by Mr Ian MacGregor, BSC chairman.

The field lies in deep water, about 100 miles east of the Shetland Islands. Its reserves—200m barrels of oil and 27bn cubic metres of gas—will be exploited by means of two large steel platforms, each weighing about 36,000 tonnes, and two pipeline systems.

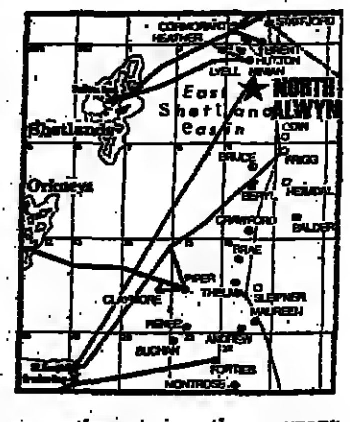
Mr Hamish Gray, Minister of State for Energy, welcomed the French companies' decision. He promised that the Government would deal speedily with the formal application for development.

Total, as operator of North Alwyn, said it could begin placing major orders within six months of the Government's approval. It plans to bring the field on stream in 1987.

The field will be an important contributor to the UK's oil and gas supplies. Crude oil and natural gas liquids will be produced at a rate of up to 100,000 barrels a day, equivalent to about 5 per cent UK oil output. The North Alwyn oil will be transported to Sullom Voe, Shetland, via the nearby Ninian pipeline system.

Gas is to be carried through a new 68-mile long pipeline at an average daily rate of 7.5m cm. It will be taken to the Total/Elf Frigg system for onward transportation to St Fergus, near Peterhead, Scotland. The gas supplies will be the equivalent of more than 7 per cent of current UK gas production.

The British Gas Corporation, which has warned it could run short of supplies in the second half of the Eighties, has negotiated a deal to buy the North Alwyn gas. It is expected to pay about 22p-23p a therm, more than twice the current average price paid for North Sea supplies.



The North Alwyn decision was welcomed by the Energy Industries Council on behalf of offshore suppliers generally and by British Steel.

Mr Jim Mackenzie, managing director of BSC Plates, said last night: "We are delighted that Total has taken this decision. The corporation will respond to their every requirement with alacrity."

The value of steel ordered by Total/Elf and their contractors could work out at tens of millions of pounds. British Steel will also aim to win a share of the fabrication work through its 91 per cent holding in the RGC Methil platform yard at Methil, Fife.

British Steel will face stiff competition from overseas steel companies as well as other work-hungry fabrication yards. However, UK suppliers must be given a "full and fair" opportunity to compete for orders, under an agreement between the Government and North Sea operators.

Interests in the North Alwyn Field are: Total Oil Marine, a subsidiary of Compagnie Française des Pétroles (33⅓ per cent); Elf UK (44 4/9 per cent) and Aquitaine UK (22 2/9 per cent). Elf and Aquitaine are subsidiaries of Societe Nationale Elf Aquitaine.

A small part of the field spills into the neighbouring 3/4 block owned by Texaco. Total and Elf are thought to be near agreement with Texaco to acquire these reserves.

Background, Page 8

£ in New York

—	Oct. 15	Previous
Spot	$1.7130-7145	$1.7125-7140
1 month	0.01-0.04 pm	0.01dis-.01 pm
3 months	0.35-0.39 pm	0.20-0.24 pm
12 months	2.05-2.15 pm	1.80-1.90 pm

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treas. Var. 2½pc I.L. 2001	£97	+ 2½
Aberthaw Cement	355	+ 20
BSG Int.	13	+ 3
Barr & W.A.T. A	66	+ 4
Bibby (J.)	315	+ 25
Fisons	447	+ 12
Geo. Accident	326	+ 8
Gerrard & Natl.	405	+ 10
Glass Glover	188	+ 10
Glaxo	£11	+ ¼
GKN	125	+ 4
Ldn. & Liverpool	91	+ 8
Sound Diffusion	166	+ 8
Stand. T'phones	602	+ 19
Union Discount	625	+ 15
JC Gas	207	+ 10
Trinentrol	186	+ 10
Ultramar	472	+ 22
De Beers Dfd.	322	+ 18
Hartebeest	£36½	+ 2
Impala Platinum	326	+ 18
Meekatharra	182	+ 12
Randfontein	£49½	+ 2½
RTZ	452	+ 9
Rstnburg. Platinum	278	+ 16
UC Invts.	770	+ 60
Western Holdgs.	£26½	+ 1½

FALLS:

Trea. 12½pc 2003-05	£122¾	— ¼
Barclays Bank	378	— 10
Empire Stores	82	— 6
Grand Met.	294	— 7
GUS A	565	— 18
Green's Economiser	75	— 12
Lloyds Bank	378	— 10
Mowlem (J.)	222	— 8
Ocean Transport	79	— 5
Racal Electronics	573	— 17
Vantona	106	— 4
Barlow Holdings	48	— 6
Hongkong Tin	550	— 50

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هكذا من الأصل

Sunday's polls will signal public opinion of 12 months of Socialist rule. Victor Walker reports

Greece waiting still for promised radical change

MORE THAN 7m voters are expected to go to the polls on Sunday in the first trial of strength between the Socialist government and Conservative opposition since Mr Andreas Papandreou, the Greek Prime Minister, led his Panhellenic Socialist Movement (Pasok) to a sweeping victory in last year's general elections.

Sunday's municipal elections come just one day before the first anniversary of Socialist rule in Greece. Although the future of his administration is not at stake, Mr Papandreou would like to present the outcome as a renewal of popular confidence, despite a first year that can only have disappointed many of his more ardent supporters.

At the end of this month the Government will begin negotiations with Washington on the future of U.S. military bases in Greece which Pasok, when in opposition, promised to close. To the disappointment of his left-wing supporters, removal of the bases is described as "long-term strategy" as is Greece's eventual withdrawal from the Nato alliance—positions long adopted by Mr Papandreou, but only clear to those who read the small print of his speeches.

The Premier has yet to fulfil his promise to bring the October 1980 agreement to Parliament. By this the former conservative government returned Greece to the Nato military wing, ending a six-year walkout prompted by the Turkish invasion of Cyprus in 1974. Nor has Mr Papandreou moved to open "the Cyprus file"—a promised enquiry into the events in Greece preceding the coup against Archbishop Makarios, which led to the Turkish invasion.

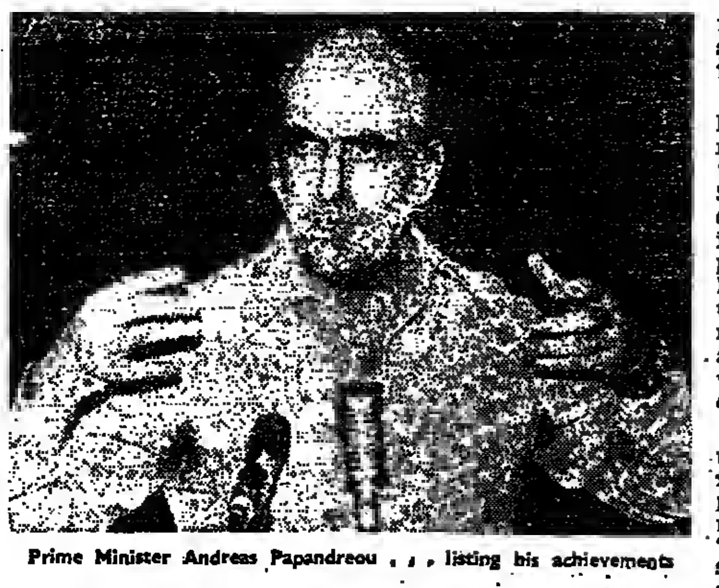
Similarly, Greece's withdrawal from the EEC is now the least likely outcome of discussions in Athens and Brussels on the country's request for a better deal from its membership. The Government is more likely to settle for what it can get. But at least a moratorium with Turkey is still in place.

Economic and social issues will certainly play a part in the pattern of Sunday's voting.

After promising radical change and a re-distribution of the national wealth, the Government has been forced by recession into a policy of austerity and appeals for sacrifices and patience. By the end of November it will have to table a 1983 budget. This is certain to include new and higher taxes in an attempt to curb an expansion of the public sector deficit that last year stood at Dr 350bn (£2.9bn) or about 15 per cent of GNP—and this year threatens to approach Dr 500bn.

In a recent speech to a party youth rally, Mr Papandreou offered his own list of achievements during the Government's first year:

- Holding two state jobs is now illegal;
- The exercise of trade union activities is being made easier and the right to strike extended;
- The co-operative movement in agriculture reformed;
- Improvement in the distribution of foodstuffs;
- Introduction of a degree of administrative decentralisation;
- Recognition extended to the Communist guerrillas who fought against Greece's occupation in World War II.



Prime Minister Andreas Papandreou . . . listing his achievements

Specifically for young Greeks, he recalled the lowering of the voting age to 18, simplification of the school examination system and of the use of accents in written Greek, and improvement of the living conditions of conscripts. But, even if he had added the introduction of civil marriage and removal of adultery from the catalogue of criminal offences, it would still have been a list falling some way short of the "changes to be felt by every Greek" he promised just a year ago.

Mr Papandreou can claim, with some justification, that he inherited a sick and dispirited economy. Marked by declining levels of industrial production and exports, investment had stagnated for several years and productivity was among the lowest in Europe. There was a 25 per cent inflation rate for three years in a row, a soaring public sector deficit and reserves in the Bank of Greece sufficient to cover little more than a month's import bill.

The past 12 months, however, have seen little sign of improvement. Indeed, some now argue that the policies of Greece's first Socialist government may have exacerbated the situation. The inflation rate is still above 20 per cent, and the Government has so far failed to establish the necessary climate of business confidence if there is to be a resumption of large-scale investment by Greek or foreign capital.

Businessmen are deterred by uncertainty over the extent and form of eventual "Socialisation" policies. Socialisation is currently discussed in terms of "supervisory councils" to be set up for major industries or sectors. They will consist of representatives of the labour force, the state, the local authority and the companies concerned.

The Government has enacted investment incentives legislation that, it claims, has set out the "rules of the game." Businessmen, however, will want to know more about the future role of the trade unions and tax, price and incomes policies, before going ahead even with basic modernisation investments.

The Government has said that foreign investment is welcome, provided that it fits in with wider aims involving the introduction of advance technology, import substitution, and regional development. These aims are due to be spelled out in detail in the five-year plan now being drafted for implementation from 1983.

The five-year plan will have to tackle the worsening unemployment, now acknowledged to affect 200,000 people or 6.1 per cent of the labour force, and also to take account of the constraints imposed by balance of payments difficulties. This year, despite a reduction in stocks of oil and a fall in imports, attributed to the effects of recession, the current account deficit will at best be only slightly below last year's $2.3bn (£1.35bn).

In the last three months there have been signs of some dissension within Pasok over party policies and the Prime Minister's personal style of government. Two under-secretaries and one member of Parliament were expelled from the party on the initiative of Mr Papandreou within hours of voicing disagreement.

The outcome of Sunday's polls will indicate whether there has been a drift from Pasok's left-wing towards the Moscow-loyalist Communist Party. It will also show the extent to which Mr Papandreou is still holding on to the middle class "floating vote" that in 1981, for the first time in nearly 20 years, deserted the conservatives.

Danish Government rejects pressure to devalue krone

BY HILARY BARNES IN COPENHAGEN

THE DANISH Finance Minister, Mr Henning Christophersen, yesterday angrily rejected top-level advice to devalue the krone by up to 20 per cent. The Government was determined to avoid such a step, he said, and would seek instead to stabilise incomes.

The advice came from Denmark's Economic Advisory Council which cast doubt on the efficacy of the Government's programme and urged the devaluation to supplement the incomes policy.

The three joint chairmen of the Economic Advisory Council said in their autumn report that incomes policy alone was not enough. Only the considerable boost to exports and import-competing industries that a large devaluation could provide was likely to get the economy moving.

A large devaluation, by removing the market's fears of further devaluations, would also pave the way for lower interest rates and reduce the current deficit account, they said.

The chances of the four-party minority Government carrying its programme through the Folketing (Parliament) appeared to lessen yesterday, however, when it lost a vote on the Second Reading of a Bill to abolish the indexation of wages. The tax-revolt Progress Party and the Social Democrats and other Socialist parties joined forces to defeat the Government.

The damage done to its programme can be repaired however, before the Final Reading tomorrow but possibly next week.

Watchdog group to guard Yugoslavs' basic rights

BY DAVID BUCHAN

THE YUGOSLAV Parliament is expected shortly to set up a watchdog commission to scrutinise the way citizens are treated by the SDB security service, according to the official news agency, Tanjug. Parliamentary review of state security police is unusual in Communist, and indeed many non-Communist countries.

Tanjug said a five-man commission would be given permanent powers to review "the methods and the means employed by the SDB in carrying out its tasks" and to check that the security service respects the basic constitutional rights of citizens. The Yugoslav Press has recently carried some criticism of SDB abuses.

The 1977 Belgrade review conference of the Helsinki Accords is thought to have played some part in sensitising non-aligned Yugoslavia to the issue of human rights. Establishment of the commission would be another mark of liberalisation in the country, particularly evident in more outspoken Press writing since the death of President Tito two years ago.

The federal Government has even been quite open in revealing some details of its security operation in the southern province of Kosovo, where it faces agitation from the ethnic Albanian majority demanding more autonomy.

Lisbon brought to a halt by public sector strike

LISBON — A Communist-led strike by an estimated 250,000 state industry workers blacked out the centre of Lisbon yesterday, paralysed underground trains and choked city streets with traffic.

The 24-hour strike was called by the hard-line Communist CGTP-Intersindical, Portugal's biggest union federation, in protest at what it called "government threats" to return nationalised industries to the private sector.

State electricity supply company employees not only cut off power to large areas of the capital but to other areas throughout the country. Domestic gas supplies to Lisbon were halted.

Lisbon's large shipyards were brought to a stop, as were steel foundries, chemical works and other big factories in the city's industrial belt, according to a union official. The protest was also joined by workers in the Communist-dominated farm communes in the southern Alentejo region. AP-DJ

Diana Smith adds: The government majority in the Portuguese Parliament has passed the law setting up a Constitutional Tribunal. Composed of civilian jurists, the tribunal will have the power to rule on the constitutionality of new legislation, a function formerly performed by the Military Council of the Revolution, which was abolished by the recent revision of the 1976 constitution.

Parliament is moving quickly to push through several key laws that complement the constitutional review. With the creation of the Constitutional Tribunal, an important step towards liberalising the economy has been taken.

Turkish state to acquire specialty steels company

ISTANBUL — The Turkish Government has agreed in principle to take over the financially troubled Asil Celik, Turkey's only specialty steel manufacturer, in an attempt to save it from insolvency, the company said yesterday.

The move indicates that the Government will go ahead with a plan to bail out some private industries that are facing mounting economic problems.

The Finance Ministry said the Treasury would exchange Government bonds for shares in the company, a member of the Koc holding group but did not indicate the cost to the Government.

Asil Celik, which provides specialty steels for Turkey's car, farm vehicle and defence industries, is 25 per cent owned by Koc, a group of private banks has a 55 per cent interest, and International Finance Corporation has 2.5 per cent. Small investors own the remainder.

The company's financial problems stem from low capacity usage and an inability to repay $60m in foreign-currency debt owed to the Turkish Government. Asil Celik invested the money in its Bursa plant in the mid-1970s on condition that it would repay its debt in Turkish currency at a fixed exchange rate of L16.5 to the U.S. dollar.

The Government, facing a severe shortage of foreign exchange, backed out of its currency-rate guarantee in 1978. Now the company has to repay L180 for every dollar owed, and, as the lira continues to be devalued, Asil Celik's debt burden increases.
AP-DJ

W. German apple growers bemoan their bumper crop

BY LESLIE COLITT IN NOERDLINGEN

FROM SCHLESWIG to Freiburg, West German orchards are bursting with succulent fruit in one of the most bountiful apple years in this century. But it is hard to find a local apple in a West German food shop filled mainly with Italian and French varieties.

Franz Mueller's food store in Noerdlingen, for example, sells three varieties of apple from northern Italy, although just down the road, an orchard is laden with crisp, juicy apples no one wants to pick.

Although the European apple glut has reached Opec-like proportions after a sun-drenched summer, one would never know it from the prices charged. The cheapest Italian Jonathan apples here cost DM 1.90 (44p) a kilo while Italian Golden Delicious sell for DM 3 (69p) a kilo. Apple growers in central Germany, however, are offering passers-by the chance to pick free as much as they can carry away. They say it would cost them more to hire pickers than the 30-50 pfennigs a kilo they receive from wholesalers.

"Prices are miserable for the apple-grower," says Herr Jakob Linden who has a 17-hectare orchard at Meckenheim near Bonn and is the chairman of a large fruit-growers' association.

West German apple growers and private gardeners are expected to produce a record 2.25m tonnes of apples this year out of a European Community total of 7.6m tonnes of commercially grown apples.

Herr Linden estimates that as many as 700,000 tonnes of West German apples will have to be sold at the EEC intervention price of 20-20 pfennigs a kilo.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Poles threatened with extention of martial law

BY OUR FOREIGN STAFF

CALM RETURNED to Polish cities yesterday, after three days of clashes with riot police by pro-Solidarity demonstrators that led to several hundred arrests and job dismissals as well as property damage.

The official Communist party newspaper, Trybuna Ludu, warned yesterday, however, that the trouble this week "could extend, contrary to the Government's intentions, the period of martial law." General Wojciech Jaruzelski, Poland's military ruler and party leader, had said he might lift martial law by the end of this year.

Clashes in the steel-making city of Nowa Huta, a large suburb of Krakow in southern Poland, continued until the early hours of yesterday morning. The streets were left littered with remnants of barricades, stones and tear gas canisters. In Wroclaw, a Solidarity stronghold in the south-west of the country, similar protests had led to 170 arrests.

The original sit-in strike at the Gdansk shipyard that sparked this week's protests elsewhere, collapsed on Wednesday after the Government militarised the yard. This means that *shipyard workers, under* military discipline, face penalties ranging from dismissal to five years in gaol for refusing to work. Many workers were said to have been dismissed for taking part in the two days of protest.

Riots outside the Lenin shipyard there caused more than $400,000 worth of damage, a

Mr Bujak . . . strike call in Warsaw

local Gdanks newspaper reported yesterday.

Following the new law banning Solidarity last week and the Government's crackdown on protests this week, Nato countries will find it harder than ever to lift their sanctions against Poland, officials in London said yesterday.

These sanctions include refusal to reschedule Poland's overdue debts to Western governments. The current rescheduling freeze actually hurts the West more than Poland which effectively is excused paying debt interest while it lasts, the officials noted. But, since it had been presented to Western public opinion last spring as a "sanction," it could not be reversed in present circumstances.

The U.S. reacted to the ban on Solidarity by removing preferential tariff status for Polish goods. While West European governments do not individually have the same quick means of retaliation, it is likely they may consider some extra sanctions against Poland, probably in the forum of the European Community.

Mr Malcolm Rifkind, Parliamentary Under-Secretary at the British Foreign Office, said yesterday in an interview: "We certainly want to look at all measures that might have a practical effect to the benefit of the Polish people." The West had taken its measures with the aim of getting the Jaruzelski Government to return to a dialogue with *Solidarity supporters* and to free interned trade unionists, he said.

Christopher Bobinski writes from Warsaw: Mr Zbigniew Bujak, the Solidarity underground leader in Warsaw, has called on workers in the capital to strike in support of the abortlived stoppage in Gdansk. Given the failure of that strike, however, his appeal is unlikely to enjoy much success.

A declaration, dated October 13 and signed by Mr Bujak, Mr Zbigniew Janas and Mr Wiktor Kulerski to other members of the regional leadership here, says of the Gdansk strikers: "They must not be left alone in their struggle . . . the demands of the workers in the cities of Gdansk and Gdynia are the demands of us all."

Renault holds down wages increase

By David Housego in Paris

FURTHER SIGNS of the French Government's determination to reduce real wages this year emerged yesterday with the announcement by Renault of a 1.5 per cent pay increase from November 1 after the end of the current four-month wages and prices freeze.

This brings total wage increases at Renault for 1982 to 8 per cent, or below the Government's inflation target of 10 per cent. The loss of real earnings this year follows increases of more than 20 per cent last year.

All the main unions have denounced the increase which they claim, has been imposed by the management without negotiations. But there is no sign that the unions at Renault — where there were strikes earlier in the year — are preparing for serious industrial action.

Another indication of the tough line that the Government is taking over pay policy is that the Ministry of Labour has unexpectedly brought into the open a little known decree of 1959 which banned wage/price indexation.

The decree had been virtually forgotten in the prosperous years of the 1960s but the Government has now discovered in the Gaullist measure a useful weapon with which to enforce its policy of ending France's long history of indexation.

The Renault announcement also illustrates what is emerging as the Government's tactics over prices and wages policy in the post — freeze period. This is based first on using its authority to control prices to ensure that wage settlements are made below the anticipated inflation rate.

The Government's decision to allow Renault a 4 per cent price increase this month — making an average of 8 per cent on the price of cars for the year was made in the knowledge that the pay offer would fall within the Government's norms.

The second string to the policy is using wage settlements in the public sector to set a precedent for the private sector. Thus the main pay offers announced so far—involving state employees and workers in the state owned Electricite de France — have been below the expected 10 per cent inflation rate.

William Dullforce talks to Mr Kjell-Olof Feldt, Sweden's new Finance Minister

Stockholm banks on its union links

AT THE heart of Sweden's new thrust for industrial recovery is the relationship between the Social Democrat party and the trade unions. Mr Olof Palme, Sweden's Prime Minister, is banking on union trust in his government's intentions to produce a low national pay settlement next year.

This is apparent from the following interview with Mr Kjell-Olof Feldt, the Finance Minister and one of the architects of the Social Democrats' economic strategy.

Mr Feldt remains totally unrepentant in the face of angry reactions from Sweden's neighbours to the massive 16 per cent devaluation of the krona, which the Social Democrat Government effected on its first day in office last week.

He also underlines basic differences between the Swedish approach and the policies pursued in France by President Mitterrand's Government, the other Socialist administration to come to power in an industrialised European country this decade.

What is your answer to the criticism that Sweden has undertaken an egoistic, beggar-my-neighbour devaluation?

The criticism is overstated. Our devaluation is economically a much healthier action than the trade barriers which have been erected recently, even by some of those countries which now criticise us harshly.

We have been told by international organisations to cut the fat out of our economy. We were also told that we were borrowing too much abroad, squeezing out poorer countries from the capital markets, and that the growing subsidisation of Swedish industry was contrary to our trade agreements. In short we were told to do something.

Can anyone tell us how we could better adjust our costs than by devaluation? Perhaps the outside world has not appreciated how deep the structural changes in the Swedish economy have been. We have lost 20 to 25 per cent of our foreign markets since the beginning of the 1970s.

Our industry was very energy-intensive and we were severely hit by the energy price crisis. Our exports are strongly oriented towards investment goods and investment has been falling on our main markets. So we have to restructure an important part of our industry.

The previous government fell into the trap of subsidising ailing industries. The alternative to our big devaluation would have been to continue the subsidies, to have had smaller devaluations every year or so and to see unemployment rise.

The cost of our programme is being paid by the Swedish people through a substantial reduction in their standard of living. If we fail to make that reduction, our whole scheme will fail.

How does your programme differ from that of the Mitterrand Administration in France? Does it offer a better chance of success?

The Mitterrand programme was based on the simplest Keynesian model: just expand domestic demand. We have never had such a simple model in mind.

Our analysis concentrated on the imbalances and the lack of real investment in the Swedish economy. Our policy aims at creating a better cost-competitive performance. We shall be expansionary only in the field of investments and where we can reasonably conclude that action will promote the future competitiveness of industry and create productive resources which will give future income and jobs.

The biggest difference is that we do not think a general expansion of demand or a shortening of working hours would solve a fundamental disequilibrium in the economy. I think that is an important difference.

Mr Feldt . . . totally unrepentant about massive devaluation.

Foreign bankers lending to Sweden are concerned not so much about the sizes of the foreign debt, the current account deficit and the Government budget deficit as by their tendencies to grow fast. Your first actions would appear to worsen the trends in all cases.

This is inevitable to begin with. If you try to cut the standard of living by a devaluation, you have to accept some inflation and worsen your terms of trade. But if our plans work, we can turn the trends already in 1984. The current account deficit would decline and the inflation rate would come down.

I think other governments would like to take similar action but they do not dare. It is a difficult operation but a Social Democrat government has an enormous asset in the support it can call on from the trade unions.

We would be irresponsible if we did not try to use this asset, the confidence we have created within the unions over the past half century.

So far their reaction has been favourable. They understand that, if we are to have any hope of securing jobs in the future, we have to do something along the lines of our programme. If that attitude means something for wage policy, then we have a decent chance of changing the trends.

Many industrialists argue that the devaluation was unnecessarily large at a time when investment is deterred by stagnant markets and high interest rates.

We have not asked them to invest. We have asked them to use the new situation created by the devaluation to increase production as much as possible and to try to conquer new markets.

If we keep costs down in 1983 and pile up profits, we can fund those profits until capacity utilisation and market perspectives are good enough for industry to think of investing again. Our calculations do not include any increase in industrial investment in 1983 but we hope for an increase in 1984.

How can you create a favourable climate for industrial investment when you are increasing corporate tax, introducing some form of profit-sharing and promising to follow up with wage-earner funds?

Of course you cannot improve the business climate if you do not put into the equation the effect of the devaluation and of the lower wage increases we anticipate. By any form of calculation company profits will *rise substantially in 1983* even if we raise taxes and have a profit-sharing scheme.

The Government budget deficit is now 13 per cent of gross domestic product. Your crisis plan includes promises to restore social benefits and to boost public spending on the unemployed and on housing and other construction projects. Is this defensible in view of the effect on the money supply and inflation?

The restored social benefits will be financed by an increase in value added tax. Other steps in the social field will be very small and will not be allowed to increase the budget deficit.

We can tighten government lending policy and be more stringent in pumping public money into industry. The budget deficit will, however, grow.

First, the inflationary effect of the devaluation will automatically raise interest payments and other items. Second, we have to fund up to SKr 15bn (£1.2bn) of losses already incurred by state-owned companies.

But, I stress, the budget deficit will not increase because we are pursuing an expansionary policy.

Warning on Vredeling directive

BY A SPECIAL CORRESPONDENT IN STRASBOURG

LEADERS OF the centre-right majority in the European Parliament have warned they might launch an ambitious bid to sack the 14 members of the European Commission if their wide-ranging amendments to a controversial employee consultation directive are not accepted.

The Commission has been given a month to decide whether to incorporate the Parliament's views in a new draft of the so-called Vredeling directive aimed at forcing consultation obligations on multinational companies.

The parliamentary amendments go a long way towards meeting the objections vociferously expressed by U.S. and European companies over the past two years. By the same token, they have bitterly disappointed the European union movement which believes the potential effectiveness of the directive will be savagely reduced by the Parliament's amendments.

The main amendments passed by the Parliament on Tuesday were:

- A clause enabling companies to withhold information from employees which, in the company's view, amounted to "a company or business secret."
- The employment threshold above which companies must comply with the directive was raised from 50 employees to 100 in companies employing more *than 1,000 people in the EEC.*
- Workers rights to appeal to a multinational's headquarters was severely curtailed and limited only to representations in writing.

West Germany prepares to plug into cable TV

In a week which has seen the publication of the Hunt report on British cable television, Stewart Fleming in Frankfurt looks at prospects for the 'wiring' of West Germany

THE CHANGE of Government in Bonn means that the pace at which cable television spreads through West Germany may accelerate a little. But a crash programme to bring in the range of television alternatives offered in the U.S., for example, is out of the question.

Test runs for private cable programmes are not expected to begin before January 1, 1984. That is the starting date for a link in Ludwigshafen—the first of four pilot schemes to be tried in the Federal Republic.

Herr Christian Schwarz-Schilling, the new Post Minister, has cautiously announced plans to increase the Bundespost's expenditure on broadband cable capable of carrying TV programmes from DM 400m (£95.2m) to DM 1bn next year.

Part of this will certainly be used to supplement the existing programme aimed at improving the quality of reception in certain areas.

Although the Post Office has ambitious plans for laying optical fibres later in the decade, Herr Schwarz-Schilling takes the view that in terms of costs, laying more copper cable is the most attractive alternative.

Even if, as the new Post Minister has hinted, private companies start to take on some of the traditional role of the Bundespost in laying cable, an explosion in the private cable TV industry in the Federal Republic cannot be expected. The West Germans take their television far too seriously for that.

The socio-political issues raised by cable television will ensure that there is no free-for-all, but that cable television is introduced under the supervision of the public sector.

Herr Schwarz-Schilling favours a broadening of the available programmes from the two national and one regional channel and from other countries.

The fact is, however, that the Federal Post Office does not have the decisive voice. The individual state government's make radio and television policy and that helps to account for the way cable TV is developing.

In 1978, the heads of the individual states agreed to give the go-ahead to the four pilot programmes which are getting underway.

The following year, however, Chancellor Helmut Schmidt, by blocking the Bundespost's plans to press ahead with laying cable in 11 cities effectively slowed down the development of cable TV.

The decision reflected his party's concern about the role of private idustry in the sensitive area of radio and television.

West Germany does not have a television channel with continuous advertising—never mind one which is under private control. Advertising spots are available only in the early evening up to 8 pm.

Of the four pilot projects in Ludwigshafen, Munich, Dortmund and Berlin, the one in Ludwigshafen is the most advanced.

A supervisory agency modelled in part on the British Independent Television Authority, the Ludwigshafen Anstalt fur Kabelkommunikation has been founded, which includes representatives of local authorities as well as the regional television authority and the German Trades Union Federation. The project is expectedto include 11 television channels as well as facilities for local radio stations.

The first programme licences are not expected to be issued until early next year. It is anticipated that around 30,000 homes will link into the pilot project, although with the change in Bonn there are hopes that the Bundespost will be willing to expand its plans for laying cable.

In Rhineland-Pfalz and in other areas, companies are being founded, often involving local newspaper and publishing interests, which plan to offer programmes when the first *licences come on offer.*

Foreign cable companies, including the U.S. company Warner Communications, are also said to be showing interest in West German developments as partners. As one official put it, it would not be politically clever for a foreign concern to try to come in on its own.

The Ludwigshafen project involves the expenditure of around DM 10m on a new television building and the same again on equipment. It is this sort of expenditure, as well as the jobs which will be created, that is the biggest selling point for the private cable TV industry.

OVERSEAS NEWS

David Lennon discovers the strength of Jewish bonds with the 'limb of Israel'

Why West Bank settlers reject Reagan's plan

"THE connection between the Jews and the Land of Israel is like the connection between the soul and the body. When the soul is linked to the body it gives life to the body. In the same way the Jewish people give life to the Land of Israel."

This is the motivation behind the Jewish settlement of the occupied West Bank and Gaza Strip, as explained by Mr Hannan Porat, who founded the first Jewish settlement established on the West Bank after Israel captured it from Jordan in the 1967 war.

Like most settlers he is worried about President Reagan's new proposals for granting self-government to the Palestinians living on the West Bank and in the Gaza Strip. These fears have been heightened by this week's talks in Amman between King Hussein of Jordan and Yasser Arafat, the PLO leader.

Mr Porat totally rejects the plan. He believes that the settlement programme of recent years and the work under way et present will make it extremely difficult, if not impossible, to impose a resolution of the conflict in the region which would split the West Bank off from the rest of Israel.

For Mr Porat, now a Knesset member for the extreme nationalists Tehiya Party, which recently joined the coalition, the West Bank—or Judea and Samaria as he calls it—is an inseparable part of the Land of Israel, the *Eretz Israel* of the Bible. This is the land given to the Jews by God and now being reclaimed after 2,000 years in exile.

Many Israelis say that it is important to control the West Bank for Israel's security; Mr Porat uses that argument on occasion. Even if there was no security aspect involved, however, he would still insist that the Jews must settle the West Bank, because Judea and Samaria is an inseparable part of the Land of Israel.

So, too, is the East Bank, now the State of Jordan ruled by King Hussein, whose grandfather waa given the land by the British mandatory authorities in 1922 in order to resolve a fight between the Arab tribes. Mr Porat and others believe that it, too, will eventually also revert to its rightful owners, the Jewish people.

In the meantime, they are prepared to see King Hussein deposed and a Palestinian government installed there, so that the issue of a Palestinian state can be resolved without Israel having to make any territorial concession in the "western Land of Isreel"—that is, Palestine west of the Jordan river.

In September 1967 Mr Hanan Porat was instrumental in organising the first group of Israelis to move onto the West Bank to set up a Jewish settlement after the war. They went to a site a mile or so south of Bethelehem, where a Jewish settlement had existed for five years before the war of 1947-48. The re-born Kfar Etzion is now the veteran of the new Jewish settlements.

During that first Arab-Israel war 35 years ago the Arab troops overran and captured Kfar Etzion and three settlements which had been built alongside it. One hundred members of the settlement were killed in the fighting, as were another 50 members of the Haganah, one of the Jewish underground armies which tried to protect the village.

Mr Dov Knohl, one of the founders of the original Kfar Etzion in 1943, was taken prisoner by the attacking Arab forces. Today he is a frequent visitor to Kfar Etzion, where his son is one of the members.

Explaining why the Jews returned to a place where so many had been killed, Mr Knohl says "We fought and we went back because it was our home. Our children, who left when they were very small, were educated by their parents that one day they would return."

Mr Porat was one of those children, and that was why he rushed back to Kfar Etzion in 1967, 19 years after it had been destroyed by the Arab forces. "You cannot compare the ties between the Jewish people and the Land of Israel with the ties between any other people and the land they live in," Mr Porat aays.

"The return of the Jews to Israel is a unique phenomenon which shows the spiritual connection between the Israeli people and the Land of Israel," he continues. "Living without Judea and Samaria was like living without one of our limbs. New we have come back to Judea and Samaria and it would be a national crime to cut off this limb again."

This rejection of the Reagan plan is shared by all the Jewish settlers on the West Bank, most of whom also share Mr Porat's fervent religious belief in their right to live there.

Mr Larry Levy, aged 33, is the production manager of Kfar Etzion'a metal works (EMW) which produces butane gas ballons and gas fittings. He came to the settlement from South Africa, where he was a member of a Jewish religious youth movement. In 1974 he settled at Kfar Etzion with his newly wedded wife. Todey they have three children, all born in the settlement.

Very much aware of the fact that he is living in an area where there are 725,000 Palestinian Arabs who also have national aspirations, Mr Levy says the Jewish netionalistic feeling is strong and true and the desire to create something special in Israel exists.

"I don't think that the same drive exists with the Arabs in the area. They have national feelings, *but* theirs are not as strong as those of the Jews. So I think a lot of them will find a more suitable way of life in other Arab countries where the culture is close to them," he continues.

Mr Levy objects to the idea of a PLO run state on the West Bank. "It's not as if the PLO are speaking ebout being displaced from the West Bank. The ones who want to return are those who want to go to Haifa and Jaffa. The reason they want to come back is to rule the country end replace the Jews. By rejecting the idea of a Palestinian state in Jordan they are trying to push us out."

It is to prevent just this happening that Isreel has been building eettlements on the West Bank for the past 15 years. The settlement drive has been intensified in the past five years, since Mr Menahem Begin came to power, and today there are over 100 settlements dotted throughout the West Bank, with a population of close to 25,000 Jews. Some of these settlements, like Kfar Etzion with its 70 families, have small populations, but many of the settlements now being built are designed as towns scheduled to have between 10,000 and 20,000 inhebitants.

Kfar Etzion was re-established on land which had been bought in the pre-state days, but the vast majority of the settlements are built on land expropriated for this purpose. Estimates vary, but Israel is believed to have expropriated between one third and one half of the land on the West Bank for its settlement programme.

For the settlers this does not present any ethical problems: they are not dispossessing another people, they are merely repossessing the land given to them by divine right.

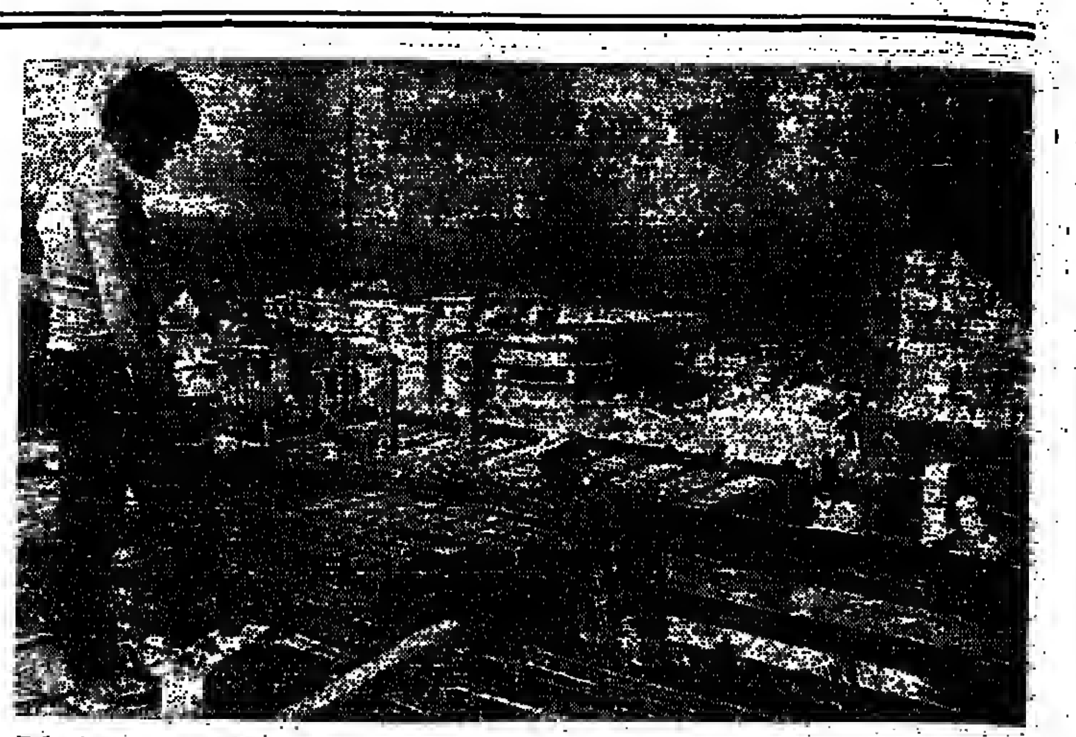
There is also a unanimity of views as to why the U.S. and most of the world wants Israel to give up the West Bank. "It's anti-Semitism," explains Mr Shlomo Danziger, aged 33, who came from New York in 1970 with a group of religious Jews to settle in Kfar Etzion. "I view the Palestinian movement of today as just a continuation of anti-Semitism in another form."

There should be 100,000 Jews living on the West Bank in another three years, according to Mr Porat. This view is shared not only by the fanatical devotees of settlement, but also by rational students of the current developments, such as Dr Meron Benvenesti, a former deputy mayor of Jerusalem.

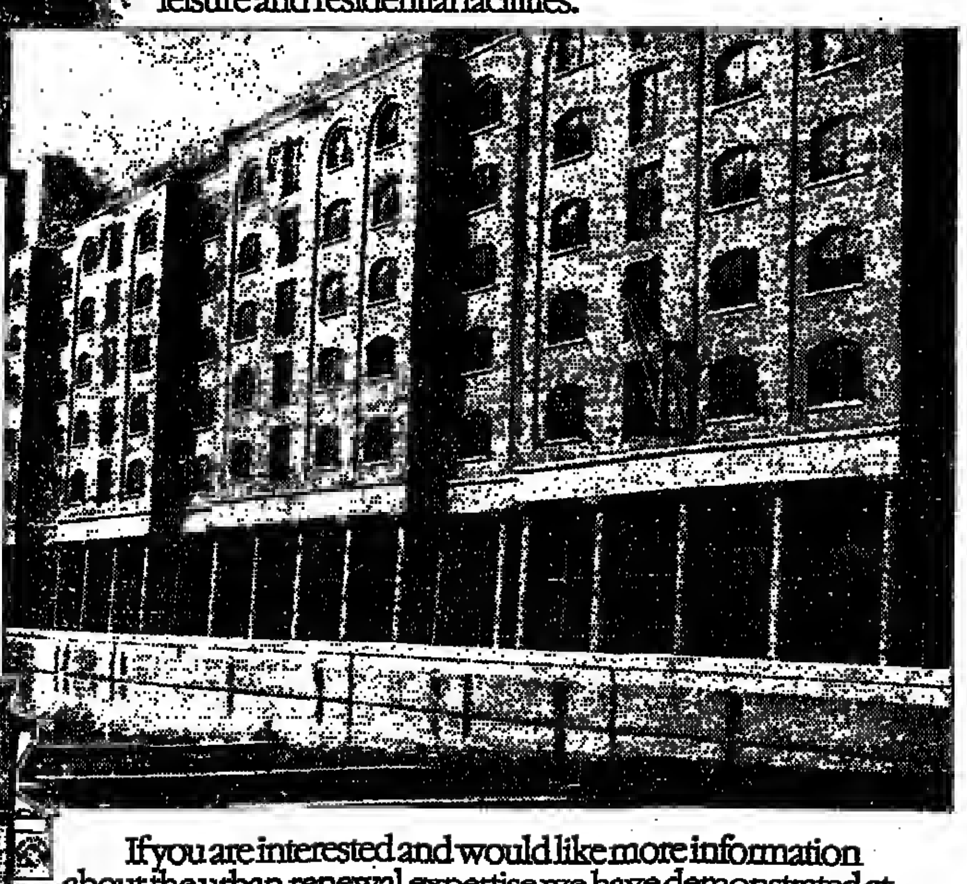
He believes that the current rate of housing construction on the West Bank could see 100,000 Israelis living there by 1986. Some 3,000 housing units are due to be completed within West Bank dormitory towns for Tel Aviv and Jerusalem this year, and next year the number of housing units being completed could reach 6,000.

The prospects of reversing the ever-increasing Judaisation of the West Bank, as implied in President Reagan's proposals, grow increasingly unlikely with every passing day.

Nothing is irreversible, said Dr Benvenisti, but the manner and speed at which things are developing will make it progressively more difficult and expensive. He believea that, in tha end, disengagement may only come about through trauma or catastrophe.



Palestinian Arab workers build homes for Jews in the West Bank settlement of Ariel—reports now deny it was named after Israel's Defence Minister Ariel Sharon



Directors of El Al expected to recommend closure

BY DAVID LENNON IN TEL AVIV

THE BOARD of directors of El Al, Israeli's national airline, was expected yesterday afternoon to recommend the closure of the company because of the refusal of the staff to accept new principles for the airline's operation.

The Israeli Government, which is the main shareholder, will have the option of either dismantling the company, or selling it to private investors. The Treasury said it is considering offers from a number of local and overseas investors interested in buying El Al.

If the Government accepts the board's recommendation, it will have a 21-day grace period before having to ask the courts to put the company in the hands of the Official Receiver.

It is possible that during that period, an arrangement may still be reached with the unions which would enable the airline to fly again.

The board yesterdey tried to keep the place of its meetiog secret because of fears that irate El Al staff members would try to disrupt the deliberations. Some workers heve already threatened to sabotage airline equipment if the hoard decides to close the company.

The Histadrut federation of labour, which called out thousands of workers on a 24-hour warning strike on Wednesday in protest over the Government's handling of the dispute, has also warned it will not hesitate to take more extreme measures to block the Government's plan.

El Al has been grounded for over a month because of a dispute between management and labour over a re-organisation plan, which curbs the power of the union.

The management insists that the staff accept the plan before flights are resumed, while the unions insist they will only negotiate over the new proposals if the airline is first reactivated.

El Al is a test case for the Government's attempt to weaken the power of the Histadrut. The federation has made it clear it will call more strikes if the Government tries to carry out its threat to sell or dismantle the company.

El Al lost \$47m (£27m) on its operations last year and is believed to bave accumulated debts running into hundreds of millions of dollars.

Closing the airline will face the Government with paying out huge sums in severance money to the 5,000 workers. The company's aircraft are leasted from the Government.

Sri Lanka poll candidate warns army

By Mervyn de Silva in Colombo

THE OPPOSITION candidate in next week'e Sri Lanka Presidentiel election, Mr Hector Kobbekaduwe, yesterday warned the armed forces not to compromise their political neutrality or carry out any "illegal orders" at the time of next Wednesday's election.

His warning followed the Government'e announcement that it was invoking the Public Security Act as a precautionary measure. Under the Act, the army can be called in to help police maintain law and order.

After Sri Lanka's last two elections, in 1970 and 1977, there were serious outbreaks of violence and more than 100 people were killed.

South Lebanon explosion kills 3, wounds 19

KIRYAT SHEMONAH, Israel—An explosion in a marketplace in Southern Lebanon has killed three people and wounded at least 19, Lebanese Christian officials said.

The blast was believed to come from an explosives-laden car in the marketplace of Marjayoun, unofficial capital of an Israeli-backed enclave run by major Saad Haddad.

The explosion, near major Haddad's home, caused extensive fires and destroyed about 15 cars. A couple burned to death in their car and a child was killed in a shop, the officials added.

Major Haddad claimed the explosion was the work of Palestinian terrorists

AP

Committee set up to find successor to Suzuki

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE SEARCH for a successor to Mr Zenko Suzuki as leader of Japan's ruling Liberal Democratic Party, moved a step forward yesterday with the appointment of a three-man selection committee.

The committee consists of the Prime Minister, Mr Suzuki himself, Mr Takeo Fukuda, a former Prime Minister, (who will represent the "anti-mainstream" factions of the party), and the LDP Secretary-General, Mr Susumu Nikaido.

The committee is to meet today and will almost certainly start by considering the proposal of the "mainstream" faction that Mr Yasuhiro Nakasone takes over the leadership.

Mr Fukuda and other "anti-mainstream" leaders are known to be strongly opposed to Mr Nakasone. But the "anti-mainstream" group might conceivably be brought round by the offer of attractive posts in a Nakasone Cabinet.

If the committee can agree at today's meeting, Mr Nakasone is the man. Plans for a two-stage election for the leadership (for which nominations are due on Saturday) will be called off and the leadership crisis will have been virtually resolved.

If not, the election process may still have to be gone through. Mr Toshio Komoto, leader of one of the smaller party factions, would be e certain runner in the election and would almost certainly do well in its primary stage (in which all paid-up LDP members are eligible to vote.)

He would still, however, be likely to lose in the run-off in which only the parliamentary Liberal Democratic Party would participate.

هكذا من الأصل

Poll dampener on drive to boost Reagan support

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan's handling of the U.S. economy has become the only issue in the forthcoming Congressional elections, according to many U.S. political observers. The opinion polls also suggest the President is failing to persuade Americans that Reaganomics should be allowed "to stay the course."

If President Reagan loses his effective control over Congress there could be grave confusion and ultimately, a damaging deadlock over economic policy in the two years ahead.

Media reactions to President Reagan's eloquent defence of his economic policies on television on Wednesday night have not focused on its substance. Instead, comment has concentrated on the alleged impropriety of using the power of the presidential office to extract 30 minutes of free, prime-time television from the networks for party political purposes.

Meanwhile, a nationwide opinion poll conducted last week and published yesterday gave the Democrats a 60-40 lead among respondents who said they were likely to vote in the *November 2 elections.* It showed that a two-to-one majority believes Republican economic policies hold greater dangers for the nation than Democratic ones.

Political analysts are reluctant to project the number of Congressional seats likely to be gained by the Democrats from the voting margins shown in opinion polls, partly because of complex demographic and district boundary changes since the 1980 elections. But the swing of 20 seats or more in the House of Representatives which the Democrats need to overturn President Reagan's effective control of the congress can not be ruled out.

Crudely extrapolating a 60-40 voting margin in favour of the Democrats would give them a gain of more than 30 seats, according to some estimates.

In response to President Reagan's speech on Wednesday, Senator Donald Riegle of Michigan, the Democratic spokesman, said the President had lost in the present international trade war. He condemned excessive defence spending and called for policies to produce interest rates that "people can afford."

Mr Riegle joined other Democratic leaders in strongly criticising the Federal Rerserve board. He claimed it had *lowered interest rates just* before the election because it was "scared to death" of the damage that its "long, dangerous experiment with tight money" had caused.

PRESIDENT REAGAN: "stay the course"

In fact Congressional action to bring the Fed under closer political scrutiny and control is still a real threat. The Fed's governors and Mr Paul Volcker, its chairman, are known to be concerned that the "lame duck" session of Congress which will reassemble late in November to deal with unfinished business from the current Congressional term may reopen the question of legislating new controls on the Fed. A decisive victory for the Democrats in the elections could make such measures irresistibly attractive

IMF talks in Mexico hit delay

By William Chislett in Washington

MEXICO has not yet delivered its letter of intent to the International Monetary Fund, despite reports from Mexico City that agreement has been reached.

Fund officials in Washington said that the IMF mission was still in Mexico City negotiating a \$4.5bn (£2.626bn) fund facility and that it was not expected to return this week.

This means that the remaining \$1.2bn of the \$1.85bn bridging finance from Western central banks—which Mexico urgently needs to ease it over its \$80bn debt crisis—has yet to be released.

Central banks last month made further drawings conditional on Mexico making real progress in its negotiations.

Senior Mexican Government officials said earlier in the week that the IMF mission was due to return to Washington on Tuesday with a draft letter of intent.

The delay in the letter of intent confirms that the issue at the heart of the negotiations—the degree to which Mexico will reduce the massive deficit in its public sector budget—has not been solved.

It is understood that the IMF originally wanted Mexico to reduce the deficit from 17 per cent of gross domestic product this year to 6-7 per cent next year.

U.S. awash with strategic oil lakes

After the drought of the Carter years the salt mines of Louisiana are steadily filling with oil, writes Paul Betts, as the Reagan Administration boosts U.S. stockpiles of petroleum.

SITTING IN his cool air-conditioned office in the steamy suburban sprawl of the Huey P. Long Bridge area of New Orleans, Mr Curtis Johnson mused: "Someone will be wondering one day what kind of civilisation preserved tractors and earth-moving equipment deep underground in crude oil."

The crude oil in question is part of the U.S. Government's strategic petroleum reserve—the most ambitious programme of its kind by any country but one regularly shaken by controversy. Established in the mid 1970s after the 1974 oil crisis, the programme is designed to create a 750m barrel crude oil reserve to protect the U.S. from any sudden cut in foreign oil supplies. The U.S. is now consuming some 15m barrels a day (b/d), 4m b/d of which is currently imported, down from a peak of 8m b/d in 1979.

Already the reserve has accumulated more than 275m barrels of oil. The crude oil, according to Mr Johnson, the project's manager, is currently being pumped in at the rate of 220,000 b/d, down huge underground caverns in the salt domes of Louisiana and Texas. "In most cases we are digging new caverns to store the oil. But at Weeks Island in Louisiana we have been filling part of a conventional salt mine no longer being mined, with crude. It was too expensive to bring the equipment up. So we are simply leaving it down there with the oil."

The cost of creating the reserve is currently at the centre of a spicy row. There have been suggestions that controls on contractors have not been as tight as they should have been, leading to cost overruns and unreasonable expenses. More seriously, there have been allegations that in the early days of the reserve, the Government acquired more expensive "sweet" or light gravity crude which somewhere along the supply line was switched for cheaper "sour" or heavier gravity crude. The heavy crude was then pumped down the salt domes instead of the sweet crude. Mr Johnson claims that all these allegations have proved to be unfounded and that government enquiries have cleared these issues.

Such allegations are only part of the daily headache of managing the reserve. At the beginning, the main problem was being able to acquire any oil at all for the stockpile. Indeed; the former Carter Administration stopped buying oil altogether for the stockpile under pressure from its European allies and Saudi Arabia.

The concern of the Europeans was that U.S. Government purchases on the spot market were pushing already high oil prices higher. The Saudis and the other Opec moderates argued at the time that the reserve sidetracked the U.S. from the far more important goal of conserving energy.

"For one and a half years until President Reagan was elected we didn't put any oil down in the ground," Mr Johnson said. The reserve contained barely 90m barrels of oil at the time. Since then, however, the stockpile has been filled at record rates.

Under new energy preparedness legislation the stockpile should be filled at a minimum rate of 300,000 barrels a day. Mr Johnson acknowledges that at that rate he would soon run out of space.

Unlike the Carter years, there is little if any international pressure against U.S. Government purchases of oil on the spot market. Indeed, with depressed prices it could not be a better time to buy oil on the market and the Government has even bought a sizeable quantity of Iranian oil this year at a bargain price of about \$28 a barrel. Recently, the U.S. Government decided to increase its purchases of Mexican crude for the reserve to help the troubled Mexicans.

The renewed emphasis by the Reagan Administration on filling the reserve swiftly has put pressure on Mr Johnson to provide the necessary capacity in the salt domes to accommodate the increase in the oil flow for the stockpile. In turn, this has *meant additional construction* work and additional costs. But Mr Johnson also emphasises that at the end of July this year there were 267m barrels of oil in the reserve bought at a net cost of \$6.9bn.

At a current market value of about \$33.25 a barrel (below the Saudi marker price of \$34 a barrel), the oil in the reserve is worth \$8.88bn. "And that's not a bad profit," says Mr Johnson, adding that this could not be a better time to buy oil at a relative bargain price to fill the reserve.

The row about the reserve's costs appears to be abating, although one never knows when it will erupt again, but a more profound controversy is brewing in Washington on the strategic oil stockpile. The problem troubling Administration officials, politicians and industrial leaders alike is what happens to the oil in the event of a crisis? At present there is no policy in place for distributing the oil should there be a sudden disruption in foreign oil supplied to the U.S.

In any event, the salt domes in Louisiana and Texas are strategically located in a region which is fast becoming the country's major refinery area and oil distribution centre. And the stockpile, which Mr Johnson suggests will ultimately hold as many as 1bn barrels of oil, will clearly act as the emergency lifeline to keep this concentration of refineries and pipeline systems operating.

Work completed on Brazil-Paraguay dam

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE PARANA River, second in length only to the Amazon in Latin America, has been blocked off permanently at the point where it forms the border between Brazil and Paraguay by a wall of concrete and steel, four miles long and 600 ft high.

Behind the dam, one of the world's most ambitious engineering projects, the river's waters are now rising at a rate of over 3 ft an hour to form a lake which within weeks will be larger than Switzerland's Lake Constance.

The closing of the massive sluice gates in the early hours of Wednesday morning marked the end of civil works on the Itaipu dam, the centre piece of a two-nation hydroelectric scheme designed to produce an eventual 12,600 MW of power, at an estimated total cost today of \$18.5bn (£10.8bn).

On November 5, Presidents Joao Figueiredo of Brazil and Alfredo Stroessner of Paraguay will formally inaugurate the dam—a cause of lengthy disputes in the past with Argentina, downstream on the Parana, because of the alleged effects Itaipu will have on navigation on the lower part of the river.

Even at this late stage Argentina has shown recent signs of discontent with the 1979 treaty signed with its two neighbours governing waters to be released.

Completed on schedule after seven years' work, the engineering triumph is soured by the knowledge on the part of both the Brazilian and Paraguayan Governments that recession and

a falling demand for electricity in the industrialised south-east of Brazil have threatened the economics of the project for the worse.

Construction of the high-voltage transmission lines between Foz do Iguacu, the Brazilian town next to the dam, and the Sao Paulo conurbation is running six to 12 months behind schedule.

Chile seeks UK help in privatisation

By Hugh O'Shaughnessy

CHILE HAS extended a general invitation to British companies to help to run the country's public utilities on a commercial basis, as part of the campaign drastically to reduce the public sector.

The Chilean authorities have pledge that any British company which wanted, for instance, to build a power station on its own account in Chile would be allowed to sell its energy on the national grid. Similarly, British companies wanting to take over the distribution of water in Chilean cities would be welcome.

The London-registered Antofagasta (Chili) and Bolivia Railway Company for many years has supplied water to towns in Northern Chile—last year the total was almost 4m cubic metres.

The Pinochet Government plans to privatise the state railway network and is seeking companies to operate the main trunk route from Santiago in the southern city of Puerto Montt.

Costa Rica nears deal on debts

By Peter Montagnon, Euromarkets Correspondent

COSTA RICA'S international bank creditors hope to sign an agreement rescheduling their part of the country's \$3bn (£1.75bn) foreign debt by mid-December.

This follows progress made by Costa Rica in reaching an agreement with the International Monetary Fund on a \$100m one-year standby credit.

A telex sent by the steering committee of creditor banks to other bank creditors yesterday said the IMF agreement could be signed and the funds partially disbursed by late November. This would lead to a further inflow of \$435m in multilateral and bi-lateral aid.

The telex said the steering committee has drafted an outline agreement for restructuring the commercial bank debt, which includes a suggestion for the treatment of past due interest payments.

These could be handled in a similar manner to Poland's interest payments, part of which will be recycled into the country in the form of short-term trade credits, the telex suggested.

El Salvador warned

SAN SALVADOR—Left-wing guerrillas say they have attacked four more towns, and have vowed to step up their attacks on military and civilian transport.

Reports from the rebels and the government after four days of fierce battles indicated at least 43 soldiers and 32 rebels have died.

The round of fighting, which appeared to be the biggest guerrilla offensive in months, started on Sunday when rebels attacked the town of Las Vueltas, 50 miles north of the capital.

Four explosions on Wednesday night wrecked a number of telephone switchboxes in the south-side and central sections of the capital but no one was reported hurt, police said.

One explosion was only a couple of blocks from the presidential residence.

The underground rebel station Radio Venceremos, meanwhile, warned that government transport will be sabotaged. It said all traffic should stay off the highways from today.

AP

IMF commitments

In the edition of Wednesday October 13 the International Monetary Fund was reported as forecasting it would make fresh commitments of SDR 8.6bn (£5.4bn) in the next six months and a further SDR 7bn by April. This last date should have been April 1984.

WORLD TRADE NEWS

U.S. rules on steel rail import cases

WASHINGTON—The U.S. International Trade Commission, voting on seven steel rail import cases, has ruled that such imports from West Germany, France, Luxembourg and the UK may be injuring domestic steel producers.

The ITC decisions in these Anti-dumping Act and countervailing duty cases, mean that the U.S. Commerce Department will continue to investigate charges that the foreign-produced steel rails have benfited from foreign Government subsidies and are reaching the U.S. market at unfair prices.

The ITC preliminary rulings covered countervailing duty complaints involving imports from all four countries and Anti-dumping Act complaints about imports from all of these countries, except Luxembourg.

A similar complaint involving imports from Italy was dismissed earlier, ITC officials said.

U.S. imports of steel rails totalled about $95m last year from all foreign suppliers, with West Germany accounting for $28m of this total, France, $12m, Luxembourg, $5m and the UK $2m says the ITC.

The ITC and the Commerce Department will determine later whether penalty duties should be imposed to offset the foreign government subsidies or sales of steel rails to U.S. buyers at less-than-fair prices.

The U.S. Government investigations of the steel rail import complaints are separate from a large number of other steel import cases ordered last January.

AP-DJ

Why Japan's motor industry enjoys S. African success

BY BERNARD SIMON IN JOHANNESBURG

THE JAPANESE motor industry's success in Western European and North American markets seems modest besides the startling growtb that Toyota, Datsun-Nissan and Mazda— and to a lesser extent Mitsubishi and Isuzu — have achieved in South Africa in the last few years.

As recently as last year, Japanese models accounted for around 35 per cent of South African car sales. By last month, their sbare had grown to 47 per cent.

Japanese penetration of the commercial vehicle market has been even more impressive. No fewer than 77 per cent of all trucks and light delivery vehicles sold in South Africa during September were Japanese.

Toyota has fared best. Its share of the car market has jumped from 14.1 per cent in 1980 to 25 per cent last month, and Toyota is now the leeding manufacturer by far in both the care and truck markets. South Africa is the largest importer in the world of knocked-down Toyota kits from Japan.

Ironically, both Toyota and Datsun South Africa are locally-owned groups. Japan prohibits direct investment by its companies in South Africa, and the vehicles are thus manufactured under licence.

Other Japanese models are assembled locally by Sigma Motor, the Anglo-American Corporation subsidiary (in which Chrysler has a small stake) which produces Mazda and Mitsubishi vehicles, as well as Peugeots and Citroens. General Motors assembles Isuzu trucks.

Tbe surge in Japanese sales has come as a major shock to Ford, Volkswagen and General Motors which, until a few years ago, were the best-known names among the South African motoring public. These three companies' market sbare has slipped from over 45 per cent last year to 30.2 per cent in September 1982.

The other motor groups with plants in South Africa—Daimler-Benz, Alfa Romeo, BMW and Leyland — have been less affected, because their models are pitched mainly at the more affluent.

> Ironically, both Toyota and Datsun South Africa are locally-owned groups. Japan prohibits direct investment by its companies in South Africa, and the vehicles are thus manufactured under licence. Other Japanese models are assembled locally by Sigma Motors, the Anglo-American Corporation subsidiary.

Mr Lou Wilking, managing director of GM's local subsidiary, concedes that GM, Ford and VW "are in a lot of trouble," although he adds that "It's not a doomsday scenario by any means."

What makes these three companies particularly uncomfortehle is, first, that little can be done to ease their misfortune and, aecond, that worse is to come.

As in the northern hemisphere the success of the Japanese in South Africa is largely dne to aggressive pricing. Sigma has recently offered discounts of up to 15 per cent on Mazda cars. Toyota's Hiace minibus costs R1,200 less than Volkswagen's cheapest microbus.

Ona half of all new cars in South Africa are bought by companies—for fleets or as employee benefits—and price is the main consideration.

The competitive advantage of Japanese models is only partly due to lower import costs. In terms of South Africa's local content programme, two-thirds by weight of every car must be manufactured inside the country. There is, thus, no question of imposing quotas or other import curbs on the Japanese.

Ford, GM and Volkswagen all bave their factories in the eastern Cape, far from the main markets in the Johannesburg-Pretoria areas. On the other band, Datsun and Sigma assembly lines are less than an hour's drive from Pretoria. Toyota's plant is in Durban.

To make matters worse, well organised trade unions and pressures from abroad have forced the eastern Cape trio to pay the best wages in the South African motor industry, roughly 10 per cent more on average than their competitors.

Competition between Japanese vehicles and the rest will heat up even more over the next year.

Honda cars, assembled by Daimler-Benz's local subsidiary, were launched on the South African market for the first time this week.

Alfa Romeo South Africa announced recently it has signed a licensing agreement to produce a small Daihatsu car from late 1983 at its plant west of Pretoria.

Tha three-cylinder Daihatsu Charade will sell for around R6,000, R300 cheaper than the smallest VW, Ford or General Motors model.

Honda and Daihatsu hope to sell about 1,500 a month between them, equivalent to just over 6 per cent of total passenger vehicle sales.

The problem is that the market is shrinking rapidly as the South African economy sinks into recession. Car sales this year are expected to total around 285,000 units, compared with the 1981 record of 301,000. Demand in 1983 is unlikely to be higher than 260,000 vehicles.

Truck sales will probably drop equally fast, from 152,600 last year to 143,000 in 1982 and no more than 130,000 in 1983.

All 10 motor manufacturers have already begun to feel the pinch. A total of over 2,000 workers have been laid off, more than half by the three eastern Cape manufacturers. Some plants are working on short time.

Ford, VW and GM—and possibly some of the other European assemblers as well—face the prospect of both falling sales and a shrinking market share for the foreseeable future.

Eximbank of U.S. tries to increase budget

THE Export-Import Bank of the U.S. (Eximbank), supported by major American exporters, is making a systematic effort to have its budget increased in the next fiscal year, an Eximbank spokesman said.

Talks have started with the Office of Management and Budget (OMB), which so far, has not been very sympathetic. The OMB, which devised the cost-cutting programme adopted by the Reagan Administration, reduced Eximbank's budget for fiscal 1983.

The budget for the year, which started on October 1, is $3.8bn for credits and $8bn for insurance and guarantees.

These resources, Mr William Draper, the chairman, told Congress last month, "should be adequate to the demands placed upon them."

But the spokesman noted that the big concern is fiscal 1984, when heavier demand for Eximbank's resources is expected as the recession eases.

No precise figure has been put forward for an increased budget, but there is speculation that Eximbank may be seeking $5bn-$6bn as a budget for making direct loans.

There is some support in Congress for an increase and Senator John Heinz of Pennsylvania has suggested that Eximbank should be removed from the federal budget. Mr Draper, however, does not believe this is sound fiscal policy.

But Eximbank's desire for a budget increase cuts across the Reagan Administration's general aim of reducing federal spending. There is concern at Eximbank that the OMB, having achieved a budget cut, may seek to reduce the authorisation for guarantees.

Although guarantees do not necessarily mean any immediate cost to the budget, they are a contingent liability for the Government and are, therefore, likely to be caught up in the squeeze on federal expenditure.

● Officials from industrialised countries taking part in the Arrangement on Guidelines for Officially Supported Export Credit completed two days of talks at the Organisation for Economic Co-operation and Development in Paris. No decision was taken on modifying the agreement, Reuter reported.

Siemens wins telephones deal

JAKARTA — Siemens of West Germany has won a $170m (£100m) package of contracts to bring push-button telephoning to Indonesia.

The Government named Siemens over nine other international telecommunications companies to build Indonesia's first digital telephone system. The job had been expected to go to L. M. Ericsson of Sweden or C.I.T.-Alcatel of France. Siemens in Frankfurt yesterday confirmed it had won the deal.

An Indonesian Ministry of Communications official said Siemens and its Indonesian agent, P. T. Dimgraha Elektrika, have signed contracts with three state-owned telecommunications companies identified as Perumtelekomunikasi, P. T. Inti and P. T. Indonesia Satellite.

The largest of the contracts calls for Siemens to build a $108.3m factory to produce push-button telephones for Inti. Under the other two pacts, Siemens will supply digital telephone units for Indonesia's new international airport near Jakarta and for a long-distance exchange in Medan, North Sumatra.

The contracts are the first in a Government programme to convert Indonesia's dial telephone system to push-button technology. The project aims to replace the 523,000 dial telephones currently in use throughout the country with push-button units, and to put another 1.3m telephones into operation by 1988.

Industry officials say the Siemens deal will give the West German company a huge jump on its competitors in supplying Indonesia's future telephone needs, expected to be enormous by the end of the century.

Ten companies are understood to have accepted a Government invitation to bid on the contracts last February. They were Siemens, Ericsson, CIT-Alcatel, General Telephone and Electronics of the U.S., Philips of the Netherlands, Thomson of France, and BTM, a Belgian unit of International Telephone and Telegraph of the U.S. Also bidding were three Japanese companies: Nippon Electric, Hitachi and Fujitsu.

AP-DJ

Plan to double LNG exports

JAKARTA—Dr Subroto, Indonesia's Minister of Mines and Energy, said that the country would double exports of liquefied natural gas (LNG) to Japan from an annual 7.5 tons to 14m tons from 1984.

He said that Indonesia was also set to export LNG to other countries, including South Korea, Hong Kong, Taiwan and Singapore.

Indonesia's future telephone reserves estimated at 30 trillion (million million) cubic ft, excluding the reserves in the Natunas group of islands in the South China Sea, according to Dr Subroto.

AP-DJ

Indonesian oil contract fears 'unfounded'

BY RICHARD COWPER IN JAKARTA

FEARS that some foreign companies operating in Indonesia might be obliged to accept stiffer contract terms as a result of the government's renegotiations with the country's largest oil producer are unfounded, according to Professor Dr Subroto, Minister for Mines and Energy.

Dr Subroto

Professor Subroto was referring to a new three-tier system mentioned last week by Brigadier-General Judo Sumbono, the president-director of Pertamina, the country's state-owned oil company.

Under the new system, General Judo said, Caltex, which accounts for about half of Indonesian oil production, would be allowed to take out only 5 per cent of the oil it mined in Indonesia as profits—after deductions for development and production costs—because it produced more than 500,000 barrels per day.

General Jurdo went on to say that companies producing more than 150,000 barrels a day would be allowed a 10 per cent share, while those producing less could take 15 per cent.

This is in contrast to the across-the-board production sharing system operating for the majority of foreign oil producers which allows them a flat 15 per cent regardless of the amount produced.

"The three-tier system is clearly related to the unique Caltex case only and is part of the negotiations now under way between that company and Pertamina," said Professor Subroto.

Sulzer wins $20m Saudi order

SULZER BROTHERS, the Swiss engineering concern, has received an order worth some $20m for 28 large-scale water transport pumps for Saudi Arabia, writes John Wicks in Zurich.

The pumps will be used by Saline Water Conversion Corporation, of Riyadh, to transport drinking water from the Shu'aiba desalination plant south of Jeddah over 150 kms to Mecca and Taif. The pumps will be manufactured in Sulzer subsidiary plants in France and Spain.

W. German concern

West Germany's Industry Federation (BDI) is concerned by a 16 per cent drop in its export trade with China during the first eight months of 1982, AP-DJ reports from Cologne. The federation said exports to China slipped by DM 1.36bn (£309m) in the January-August period of 1982 from DM 1.63bn in the same period of the previous year.

Trade surplus hopes

The U.S. registered a $351m balance of trade surplus with Saudi Arabia in the first half of 1982, and appears to be heading for its first full-year trade surplus in a decade, AP reports from Jeddah. Quoting U.S. Department of Commerce statistics, the Saudi Gazette newspaper reported that the surplus was achieved through a 22 per cent increase in U.S. exports.

Iran contract

Iran signed a $22.5m contract with East Germany yesterday for the purchase of two power stations, according to the Iranian national news agency Irna, Reuter reports in London. Irna said the barter deal was reached in Tehran between the Iranian Ministry of Energy and an East German company. Under the agreement, Iran would receive two 230.63-kw plants that would be installed in central Iran.

Seal pelt 'hypocrisy'

Canadian Fisheries Minister Pierre de Bane said yesterday that the European Commission's call for a ban on imports of Canadian seal pelts was 'hypocritical, incomprehensible and irresponsible,' Reuter reports from Ottawa. Last week Common Market officials in Brussels said the Commission had decided to press for the ban even though they feared it could provoke a serious trade conflict between the Community and Canada.

BASE LENDING RATES

A.B.N. Bank	9½%	Heritable & Gen. Trust	10 %
Allied Irish Bank	9½%	■ Hill Samuel	§ 9½%
Amro Bank	9½%	C. Hoare & Co.	† 9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Associates Cap. Corp.	10 %	Knowsley & Co. Ltd.	10 %
Banco de Bilbao	9½%	Lloyds Bank	9½%
Bank Hapoalim BM	10 %	Mallinhall Limited	9½%
BCCI	10 %	Edward Manson & Co.	10½%
Bank of Ireland	△ 9½%	Midland Bank	9½%
Bank Leumi (UK) plc	10 %	■ Samuel Montagu	9½%
Bank of Cyprus	9½%	■ Morgan Grenfell	9½%
Bank Street Sec. Ltd.	11½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich General Trust	9½%
Banque du Rhone	10 %	P. S. Refson & Co.	10 %
Barclays Bank	9½%	Roxburghe Guarantee	10½%
Beneficial Trust Ltd.	10½%	Slavenburg's Bank	9½%
Bremar Holdings Ltd.	11 %	Standard Chartered	‖ 9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	TCB	9½%
Castle Court Trust Ltd.	10 %	United Bank of Kuwait	9½%
Cavendish G'ty T'st Ltd.	10½%	Volkskas Intl. Ltd.	9½%
Cayzer Ltd.	10 %	Westpac Banking Corp.	10 %
Cedar Holdings	11 %	Whiteaway Laidlaw	10 %
■ Charterhouse Japhet	10 %	Williams & Glyn's	9½%
Choulartons	10½%	Wintrust Secs. Ltd.	11 %
Citibank Savings	¶10 %	Yorkshire Bank	9½%
Clydesdale Bank	9½%		
C. E. Coates	10½%		
Comm. Bk. of N. East	9½%		
Consolidated Credits	10½%		
Co-operative Bank	ᴨ* 9½%		
Corinthian Secs.	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E.T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½%		
Robert Fraser	10½%		
Grindlays Bank	‡ 9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Hargrave Secs. Ltd.	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1 month 6.25%. Short-term £8,000/12-months 6.35%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £1,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
△ Effective from close of business on 15th October, 1982.
ᴨ The Co-operative Bank Base Rate, Deposit and Short-term rates were changed in error in yesterday's Financial Times. The rates showing today are applicable only from today.

Denning criticises Reagan on pipeline

LORD DENNING, the recently retired Master of the Rolls, yesterday spoke out against Mr Ronald Reagan, the U.S. President, for imposing sanctions on companies supplying raw materials for the Siberian gas pipeline.

He told the American Chamber of Commerce that President Reagan's policies against the Soviet Union threatened contracts that had been made by U.S. subsidiaries in the UK.

Lord Denning said U.S. subsidiaries brought work and were welcome in the UK and their contracts should be honoured.

He added that the U.S. and the UK had a common heritage of the rule of law dating back to Magna Carta and that anyone in breach of contracts was guilty of a wrong.

The direction from the U.S. to the UK subsidiaries might not be valid and President Reagan ought to think again, Lord Denning said.

TWA cuts fares

TRANS WORLD AIRLINES yesterday announced cuts in fares from the UK to U.S. cities.

From next April 1, the airline will be offering Advanced Purchase Excursion return fares between London and San Francisco and Seattle of £449, compared with £534 this summer; £366 return to Detroit, against £444; and £329 return to Washington, against £425.

The cuts follow those announced by TWA late last week.

Mr Laurence H. Langley, TWA's general manager in the UK, said the airline believed trans-Atlantic air fares had been too high this summer.

On short-time

MORE than 1,300 workers were put on short time from last night at Perkins Engines of Peterborough, the world's second biggest diesel engine manufacturer.

The company has been using short time working for the past three months to cope with falling demand. Last week 600 workers were laid off some shifts.

Perkins has been particularly hard hit by the drop in its North American market, where Massey Ferguson, which normally buys up to 40 per cent of Perkins' production, have seen sales of agricultural machinery sharply reduced during the recession.

Plan for De Lorean

THE receivers of De Lorean Motor Cars are expected to reveal within the next few days whether a re-financing package for the Belfast assembly operation can be put together.

The receivers and the Government have been considering proposals put forward by Mr John De Lorean, chairman of De Lorean Motor Company, and a group of unnamed U.S. investors.

The receivership has lasted almost nine months and there are few indications that the project, which received £80m in Government aid, can be resurrected.

CBI report to urge more positive policies on jobs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Confederation of British Industry is to urge companies in two weeks' to adopt more positive policies for dealing with unemployment.

It will ask companies to consider making more use of Government aid through the job release, youth training and other special schemes, and to introduce their own arrangements for early retirement on a flexible basis.

The CBI is understood to estimate that the net costs of such a strategy would be less than £1bn a year. It will argue that companies must accept that they have social as well as commercial responsibilities at a time of record unemployment and that they must find ways of harmonising targets aimed at maximising profits and increasing employment.

These recommendations are contained in a 25,000-word report which will be presented to the CBI's annual conference on November 1 by a working party set up early this year under the chairmanship of Sir Richard Cave, chairman of Thorn-EMI.

A film on the problems of unemployment has been made by the CBI and paid for by the National Westminster Bank. It will be shown to the conference which is expected to be attended by over 800 business people.

Sir Richard and other CBI leaders will stress that they do not claim to be able to find any instant cures for unemployment and that the only permanent answer is national economic recovery.

They want to persuade more companies to adopt a positive attitude to the problem, so that a national strategy can be launched. They want to encouraga large companies to make full use of the Government-supported youth training scheme which is to be introduced next year to provide 12 months' training for all 17-year-old school leavers.

Often in the past such schemes have been used only by small businesses and the full potential job creation impact has not therefore been achieved.

The report urges the Government to create jobs by authorising large-scale capital projects and it recommends the development of regional tourist attractions to provide employment. It stresses that early retirement should not be applied according to a rigid single formula.

More than 100 resolutions are expected to be submitted to the conference. Several are likely to be critical of the Government's policy.

Former Howden directors hit back

BY JOHN MOORE, CITY CORRESPONDENT

FOUR former directors of Alexander Howden Group, accused by the U.S. owners of Alexander Howden, Alexander & Alexander Services, of misappropriating $55m (£32m) of Howden group funds, yesterday hit back at the allegations.

Mr Kenneth Grob, former chairman of Howden, Mr Allan Pafe, Mr Ronald Comeray, and Mr Jack Carpenter, former executives, said yesterday through their lawyers, Theodore Goddard, that they bad taken advice from leading counsel.

"They bave answers to eacb and every allegation which has been made against them. They are anxious to put forward and prove their answers," said their lawyers.

"They have, bowever, been advised that in view of the fact that litigation is pending" and that a Department of Trade inquiry into Howden is to take place "it would be improper for tbem to make any public statement at this stage, and they must first do so before the proper tribunal and the (Trade Department's) inspectors."

"They have accepted this advice with regret since they bave been subjected to a great deal of adverse publicity which they are in a position and wonld wish to dispel. Our clients wish us to make it clear that this silence is not a waiver on their part of any right which may have arisen to pursue all their remedies in respect of allegations and insinuations so widely pnblicised."

Mr Ian Posgate Howden's former star underwriter who was sacked by Alexander Howden Underwriting, the agency company and part of Alexander & Alexander, is suing the U.S. group over his dismissal. The Americans have alleged that he was involved in the misappropriation of Howden funds.

Mr Posgate is claiming a declaration that his dismissal was ineffectiva on the grounds that the agency company'a agreement to sell the voting shares to Alexander & Alexander "was a sham." Alternatively he is claiming damages for wrongful termination of his employment.

Alexander & Alexander effected the sale of the agency's voting shares to one of its subsidiary companies when the agency company's board refused to sack Mr Posgate but only suspended him from underwriting.

Stype argues for Jersey hearing of Clore case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE COURTS of Jersey, rather than England, were the natural forum for disputes over the estate of the late Sir Charles Clore, counsel contended in the High Court yesterday.

The bulk of the estate's assets, and the company holding them—Stype Investments (Jersey)—were on the island, where there was already substantial litigation in progress, said Mr John Knox, QC.

He was arguing for Stype that the Official Solicitor, the administrator of Sir Charles's English estate, should not be allowed to serve English legal proceedings on Stype in Jersey.

Mr Justice Whitford will give his judgment on Monday.

Mr Knox said that the main Clore creditor the Official Solicitor bad to pay was the Inland Revenue, which claimed £27.24m capital transfer tax on Sir Charles's free estate.

That tax liability could be met from Stype's own £30.8m assets in England without need to have recourse to money in Jersey.

Once the tax was paid it would make no difference whether the remaining litigation was dealt with in Jersey or England, and since Stype and the estate assets were in Jersey, the island would be the logical choice, said Mr Knox.

Mr Donald Nicholls, QC, for the Official Solicitor, said if it were held that Sir Charles had died domiciled in England, the whole of bis worldwide estate would be liable to tax, which Stype'a assets in England would be insufficient to meet.

Apart from that, the Official Solicitor was not a "front man for the Revenue." His duty was to recover Clore assets for the benefit of the estate. His legal standing to sue in Jersey was being challenged and Stype was doing its best to stop him being appointed administrator of the estate in the island.

It was therefore not certain that he would be able to sue in Jersey, and if he could not serve the English proceedings on Stype he would not be able to proceed against the company at all.

Bearings maker to cut 800 jobs

By Peter Bruce

SWEDEN'S SKF group, the world's biggest bearings manufacturer, has decided to streamline its money-losing UK subsidiary and shift some 25 per cent of the value of production to the Continent.

SKF said yesterday that it planned to cut the workforce by 800 over a two-year period of reorganisation. Most of these jobs would be lost at the company's main plant in Luton, but a small component factory at Irvine, Scotland, would be closed.

The job losses are more than 40 per cent of the workforce.

It will stop making taper and cylindrical roller bearings in the UK, and concentrate on modernised ball and spherical bearing manufacture in Luton.

SKF has invested about £5m in ball and spherical bearings production in the last five years.

Most taper and cylindrical bearing work would shift to Germany and Italy, Mr Philip Champion, the company secretary, said.

The British operation has lost money in five of the past six years, largely because of the slump in motor manufacturing. It lost £2m last year, a signifrant improvement on 1977, wben the loss was £6.5m.

But the deficit owes more to rlosure of much of the Irvine fartory in 1979 than to any market improvement.

Most of the remaining UK capacity will be geared to export markets, chiefly Europe. The company exports about 60 per cent of output and hopes to make this 80 per cent in two years. Last year sales were £70m, exports totalling £25m.

The SKF group reported total pre-tax profits for the 1982 first half of SKr 404m (£38m), a 21 per cent slide from the same period last year.

Investors swarm to buy shares in STC

BY JASON CRISP

BRITISH investors, captivated by high technology companies, have swarmed to buy shares in Standard Telephones and Cables which represents one of the most direct ways of investing in telecommunications.

Investors have until 10 am today to apply for 40 per cent of STC's shares at 525p. Its quoted shares closed at 602p last night.

STC becomes a British company again with ITT holding a minority stake of 35 per cent.

Overshadowing the share sale was the announcement that STC was to withdraw from the development and manufacture of System X, the advanced family of digital public exchanges which will modernise British Telecom's network.

STC has made light of its importance to its future, saying the business would only have represented 8 per cent of turnover by 1987.

Critics point to the importance of main exchanges to STC, which account for about 20 per cent of its £568m sales. In the 1979 prospectus STC said the design, manufacture and installation of switching equipment was its most important activity. Within five years that business could be negligible.

STC has been amply compensated by British Telecom for its enforced withdrawal from System X. It is being guaranteed a minimum of £500m of orders for the less sophisticated TXE4A exchanges.

With guaranteed orders and prices—inflation adjustable—the deal looks particularly profitable to STC, which will make it even harder for it to generate the business to replace the profits generated from main exchanges.

Some £222m of STC's £568m sales are to British Telecom. More than balf of those are for main exchange equipment. The remainder is made up of transmission (cables and associated electronics), teleprinters, telephone key systems, and electronic components.

The next biggest part of STC's telecommunications business is in international submarine cables. It is the world leader in such systems with, it says, 60 per cent of the market with competitors in France and Japan sharing the rest. Although the market for submarine telecommunications cables is growing the contracts are large and few. The bulk of STC's current order book is a single link between Australia and Canada.

Submarine cables and communications systems sold direct to companies each represent about £70m a year of STC's turnover. Business systems, which include large private exchanges (PABX's), terminals and message switching equipment, is the main growth area.

Boosted by the "liberalisation" of the UK telecommunications market STC believes there will be a market growth for business systems of 25 per cent a year. The two key areas for STC are local area networks and small PABXs.

Local area networks link various parts of office automation equipment such as word processors, teleprinters and computer terminals. STC's new digital PABX is aimed at the largest sector of market with 50 to 300 extensions.

The problem for STC is that the business systems market will be fought by companies including IBM, Rank Xerox and Wang as well as traditional telecommunications rivals.

STC is substantially increasing its research and development activities in business systems. The other major growth in researrh and development spending is in optiral fibre systems bnth for submarine cable and land transmission.

Interferon supplied free for trials on patients

By David Fishlock, Science Editor

INTERFERON produced by genetic engineering has become so cheap to make and purify that it is to be supplied free for trials on patients starting this year.

This was said yesterday by Dr Walter Gilbert, the Nobel-prize-winning chairman of Biogen.

Biogen is an international biotechnology research company whose corporate investors include Grand Metropolitan, Inco and Schering Plough.

Dr Gilbert told institutional investors in London, that no-one had yet demonstrated conclusively that interferons could cure illness.

But Biogen had met one of the targets claimed for interferons in the late 1970s—that by genetic engineering it would make a drug—then almost unobtainable—cheaply and readily available.

Only two years ago, Lord Rothschild, president of N. M. Rothschild, said interferon was fetching "billions of dollars per pound."

Treatment of patients with interferon made by cell culture methods has been costing as much as $500 (£290) per patient.

Biogen's alpha-interferon has already begun clinical trials—as a treatment for virus infections and tumours. It was being produced on a substantial scale, in 30,000-litre batches.

Gamma-interferon was 10 times as active as alpha-interferon. Also, it was not a chemical present naturally in the body but one produced as part of its defences against infection.

Biogen announced success in making gamma-interferon by genetic engineering only in February this year.

North Sea clouds lifted by fair wind from France

Ray Dafter explains the British sigh of relief at Total and Elf's resolve to develop the North Alwyn oil and gas field

THE DECISION by two French companies, Total and Elf, to proceed with the £1.2bn development of the North Alwyn oil and gas field brought a sigh of relief fro mthe Government and the UK off-shore supply industry yesterday.

The pound notes about to be spent by the duo, if laid end to end, would girdle the Earth almost four times. The development decision, while not so far-reaching, has a broader significance.

For a start, the natural gas to be produced from the field will help to meet the UK shortage in this decade, about which British Gas Corporation has been warning in recent months.

The development will be seized on by the Government as a sign that the North Sea oil industry has not gone on an investment strike, in spite of its constant complaints about disincentives caused by high taxation. It is the one energy ministers have been longing to consider—and sanction—because it is the first big new project to emerge in more than two years.

Britoil, with Shell and Esso, applied in August for permission to develop the Clyde oil field at a cost of about £1bn, but that project has been delayed by the Government. Clyde became enmeshed in Energy Department depletion measures and Treasury worries about the impact of Britoil's expenditure on the public sector borrowing requirement.

Mr. Hamish Gray, Minister of State for Energy, summed up the Government's view of North Alwyn yesterday when he declared: "I am delighted." The formal development application would be processed "as quickly as possible."

His joy stems from the number of jobs likely to be created in the offshore supply industry, especially in the equipment fabrication yards. According to Total, as many as 3,500 jobs will be underpinned or created as a result of the work entailed by the construction of two steel platforms and associated pipelines. British Steel Corporation must be licking its lips in anticipation of badly-needed orders.

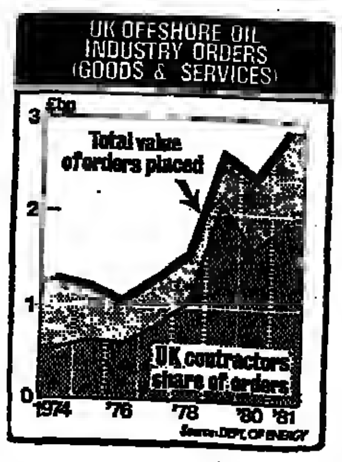
Total gave a strong hint yesterday that most of the orders would be placed in the UK. As an offshore operator on the UK Continental Shelf, it has already promised the Government that it will give UK suppliers a "full and fair" opportunity to compete for all contracts.

The UK supply industry badly needs new orders. Few new oil production projects have come along since the end of the 1970s. During the past year or so, platform builders and their suppliers have hsd to lay off several thousand workers.

Mr Ronnie Custis, director of the Energy Industries Council, has already warned Mr Nigel Lawson, Energy Secretary, about the plight of the off-shore supply industry and its 100,000 workers. In a letter during the summer, Mr Custis said that, if development activity were not revived—through the encouragement of a more attractive tax regime—many UK suppliers would have ceased to operate by the time discoveries, under the latest round of exploration licences, were generating orders for hardware.

The eighth round of licences, now being bid for by off-shore oil companies, provides its own insight into the Government's concern about the plight of the supply industry.

The Government, which has always used drilling concessions for some mild arm twisting, has added a new feature to criteria for jndging the suitability of new licence holders. Applicants will now have to demonstrate willingness to involve UK organisations in research into new exploration and production concepts, as well as in the design and demonstration of the latest techniques and equipment.



This is a further attempt by the Government to make sure that UK companies win, and keep, a lion's share of the orders placed by oil explorers on the continental shelf. It is hoped that UK suppliers could use this domestic strength, in one of the most challenging exploration areas of the world, as a launching pad for a big export business.

The record to date appears impressive. In 1974, UK companies won about 40 per cent of the £1.3bn worth of orders placed by North Sea operators. Last year, they took a 67 per cent slice of the £2.9bn worth of business.

However, many of the UK companies are little more than subsidiaries of overseas, mainly U.S., supply groups. Much of the technology is foreign—hence the latest licence conditions.

There is still much business to be done in the North Sea. Mr John Jennings, managing director (exploration and production) of Shell UK says scope exists for further investment of about £50bn in oil and gas development on the UK continental shelf over the next two decades.

Go-ahead given on private telephones

BY LYNTON McLAIN

Private suppliers of telephones and some other telecommunications apparatus were given the right to apply for independent approval by the Government yesterday.

It is the first time in Britain that these suppliers have been given the rights in competition with British Telecom.

The go-ahead, under the British Telecommunications Act 1981, was announced by Mr John Butcher, MP, Parliamentary under-secretary of state for industry, at the Financial Times World Telecommunications conference in London.

Private suppliers were given the right to apply to the British Approvals Board for Telecommunications, in Walton-on-Thames, Surrey, for the approval of simple extension telephones for connection to the direct exchange lines of British Telecom's public telephone network.

"No other country in Europe provides this independence," Mr Butcher said.

This "liberalisation" of telecommunications equipment "has further to go before there is complete freedom of supply and before independent approval is available for everything," be told the 200 delegates from the 21 countries represented at the conference.

The Government's policy of liberalisation and privatisation in British Telecom is designed to turn the corporation into a competitive enterprise "which can force Britain into a leading role in world telecommunications," Mr Butcher eaid.

He described telecommunications as "one of the world's real growth industries, with growth rates of 8 per cent in real terms, year on year through the 1980s." Data transmission equipment was expected to grow by 15 per cent a year.

Mr Butcher confirmed Government plans to convert British Telecom into a company under the Companies Act and to sell 51 per cent of shares in it to the public, subject to Parliamentary approval.

However, Mr Bryan Stanley, general secretary of the Post Office Engineering Union, argued that British Telecom did not need privatisation. "We shall fight it in parliament and we shall fight it at the next general election," he said.

The union wants to keep British Telecom as a public service. Mr Stanley was concerned that sections of the community—for example those in rural areas—might lose their services under a privatised British Telecom.

Mr Stanley said jobs in the British telecommunications industry were also threatened by the Government's plans, because the Government was opening the UK market to outside competition.

"Undoubtedly, jobs will be lost in Britain, as a result," he said.

Mr Stanley said if British Telecom had to compete with private industry, "we are going to compete in every area of communications including information technology." He was responding to comments from Mr David Butler, chairman of Butler Cox and Partners.

Mr Butler told delegates earlier: "We face the likelihood that the act to privatise British Telecom will lead to BT getting into information technology systems as well as its work on telecommunications."

Sir George Jefferson, British Telecom chairman, said: "We are in the midst of preparing for imminent legislation to permit the floating of BT as a public limited company."

British Telecom is nearing completion of commercial negotiations with Mercury, the telecommunications network competitor in the private sector.

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The talks are about arrangements for the interconnection of Mercury with British Telecom's network.

Sir George said the 1982 Bill to privatise British Telecom, the form of licence under which it will operate and the scope and form of the proposed office of telecommunications, will be important to all concerned with telecommunications in the UK.

Mr James E. Olsen, vice-chairman of American Telephone and Telegraph gave a paper on the U.S. telecommunications market after the AT and T Consent Decree, which brought to an end the U.S. Government's long-standing anti-trust suit against the Bell System.

In a paper on investment opportunities in the UK market, Mr Ian Cole, of James Capel and Company, forecast that the industry will require total external investment finance over the next eight years of some £9.6bn to fund the "dramatic change in the capacity and performance of the major British Telecom network, the new network services and a substantial increase in demand for a rapidly expanding range of communications equipment."

Ferranti in mobile phone bid

BY GUY DE JONQUIERES

A CONSORTIUM led by Ferranti has joined the battle for a licence to start a privately-financed mobile telephone system using cellular radio technology.

It will compete against two other groups of bidders. One, led by Racal, includes Hambros Bank, Millicom of the U.S. and Comvick of Sweden. The other is headed by Air Call and includes Cable and Wireless, Telephone Rentals, several small mobile radio operators, and financial institutions.

Ferranti's partnera are London Car Telephones, Reliance Security Systems, and Graphic Scanning, an American company which is bidding for cellular radio licences in several major U.S. cities.

The bids are being evaluated by SRI, the consultancy arm of Stanford University of the U.S., at the request of the Industry Department, which is expected to award a licence later this year.

The winning consortium will have to compete for customers against a second cellular network which the department has already decided will be run as a joint venture by British Telecom and Securicor.

The Ferranti consortium has not disclosed technical details of the system it is proposing. Racal has adopted a system developed by Millicom of the U.S., while Air Call is backing the American AMPs system produced in different versions by American Telephone and Telegraph and Motorola of the U.S.

British Telecom and Securicor have not yet decided which system to adopt. After flirting with both AMPs and the Nordic Mobile Telephone System developed in Scandinavia, they are now believed to be studying closely MATS-E, developed jointly by the Dutch Philips group and CIT Alcatel of France.

Their choice is expected to influence decisions taken by the winning private consortium, since it will be important to be able to interconnect users of the rival networks.

Ferranti and its partners plan to own 70 per cent of their consortium and sell the rest to financial institutions. They believe that an initial investment of about £5m will be needed.

Gibraltar bars Signal Life Assurance from business

BY ERIC SHORT

GIBRALTAR has cancelled the certificate of Signal Life Assurance to transact business. It will appoint independent auditors to report on the affairs of Signal Life.

This development in the company's affairs was expected, since attempts by UK investors holding Signal Life bonds, and their representatives, to contact it or its officials appeared to have failed.

Mr Reginald Wallace, Gibraltar Finance and Development Secretary, told the House of Assembly on Tuesday that the company failed to prodnce by October 5 the report and information on its affairs required by his Government.

The House also heard from Mr Wallace of measurea to strengthen controls over the financial sector.

In the short term it was amending legislation to give better control and supervision over insurance companies.

He announced a new post in the Treasury of Financial Sector Adviser, to supervise all finance sector activities excluding banking, with particular emphasis oo vetting insurance companies, unit and investment trusts, and tax-exempt companies.

In the longer term, Mr Wallace said, the Government would review insurance legislation and the position of insurance companies with "outside assistance."

OFT to look at BR Motorail policy

By David Churchill, Consumer Affairs Correspondent

THE Office of Fair Trading is to investigate British Rail's policy on its Motorail services as a possible anti-competitive practice.

The investigation, to be carried out under the terms of the 1980 Competition Act, is the third OFT probe into British Rail in the last 12 months.

The probe follows a complaint that British Rail banned a company providing an Edinburgh to London parcel delivery service via the Motorail network. This is because the Motorail service is primarily intended for private users.

However, the OFT is to investigate allegations that British Rail allows companies to transport their own goods via Motorail but stopped the parcel service because it took business away from its own Red Star delivery service.

British Rail said it would "co-operate fully with the OFT investigation."

The OFT investigation is likely to take several months. If it finds British Rail is carrying out an anti-competitive practice, it can then refer the issue to the Monopolies and Mergers Commission.

The probe follows two other investigations into British Rail announced in December. They involved particular taxi services being granted sole rights at British Rail stations and the provision of special facilities to certain car-hire companies at stations. The results of these investigations are expected shortly.

Fewer new ships

INVESTMENT in ships for the UK merchant fleet has reached a record low, said Mr Malise Nicholson, president of the General Council of British Shipping. At the end of June, only 47 ships of 1.0m dwt were on order including 11 of 239,000 dwt placed in the first half of 1982. Of these, nine ships of 190,000 dwt went to UK yards and two of 49,000 dwt abroad.

Tour board checks

THE English Tourist Board, which removed 18 London hotels from its register earlier this year because they provided incorrect information about their facilities, is carrying out random verification checks in other parts of England.

The ETB runs a self-classification scheme under which hoteliers are relied upon to give accurate details of their establishments.

Claims warning

MANUFACTURERS in Europe were only just beginning to face the kind of "claims consciousness" among consumers that had been seen in the U.S. and Japan, Mr Schilling of Gerling Konzern told delegates at a three-day European Insurance Conference in Guernsey organised by the Risk Research Group.

Among the protective measures that should be taken by European companies, he suggested, were concerning themselves much more with fighting unfounded claims, with product safety both before and after sale, and with adequate insurance cover on a global basis.

Ulster law protest

A GROUP of Belfast lawyers is to protest to Northern Ireland's Law Society about the use of a "Bill of Indictment" to send for trial 38 people who face charges on the evidence of a "supergrass." The controversial move by the prosecution dispenses with the need for a preliminary hearing at which the chief prosecution witness, Mr Christopher Black, could have been cross-examined.

Big fall in profits for pump industry

By Peter Bruce

PROFITS at 60 of Britain's leading pump manufacturers fell an overall 89.5 per cent during the three years to April, 1981, according to an analysis published yesterday.

The report, by ICC Business Ratios, predicts that "rationalisation" in the pump industry is probable as sales growth continues to lag well behind inflation.

Sales of the companies included in the report rose 6.4 per cent during the first half of the period reviewed and a further 8.7 per cent over the last 18 months. Pre-tax margins on sales shrunk from 7.4 per cent to 0.7 per cent over the three years.

The performance of the industry was heavily influenced by problems at three of the larger companies — Wier Pumps, Henry Sykes and Ingersoll-Rand. The average fall in pre-tax profits for the second year (1979-80) was 37.5 per cent. With the three big manufacturers removed from the calculation, it was 13.7 per cent. In the following years it was 29.5 per cent — 83 per cent if the three are included.

Of the 10 largest companies, only one — Hayward Tyler — increased its return on capital in 1980-81.

"The recession in the UK together with the decline in oil business has hurt the pump manufacturers," the report says. The recent decline in drilling activity in the oil industry had affected demand, it says.

Export performance appears to have improved throughout the industry. Exports rose 21.3 per cent over the three years and increased their share of total sales from 32.6 per cent to 34.3 per cent. But sales are forecast to show little progress, at least in the short term, with overseas markets recovering slowly from problems caused by the strength of the pound.

The analysis believe pump manufacturers are unlikely to benefit quickly from an improvement in the economy. The industry has become increasingly dependent on energy spending and process plant construction, both industries with long contract lengths.

Pump Manufacturers: Published by ICC Business Ratios, 28-42 Bowner Street, London EC1Y 8QE, £97.00.

Call for sound fiscal policy on balance payments

BY ROBIN PAULEY

THE ONLY solution to balance of payments problems is the pursuit of more appropriate fiscal and debt management policies, according to an analysis in Lloyds Bank Review, published today.

This "new" approach to the balance of payments, which is only a return to the old ideals of sound finance and balanced budgets, is enunciated by Mr Tim Congdon, economics partner of brokers Messel.

He argues that only foreign debts incurred by the public sector constitute a balance of payments problem, which implies that a country whose government has adopted responsible budgetary policies cannot have external payments difficulties.

The article divides the economy into public and private sectors. By suggesting that a deficit incurred by the private sector results from decisions freely taken by individuals, and is not a problem for policy-makers, it turns the spotlight on to public sector deficit.

A government's payments difficulties are related to fiscal and debt management problems. The traditional mistake has been to regard balance of payments problems as distinct from the problems of budget deficit and government debt sales, Mr Congdon argues.

The most important implication from argument that they are the same problem is that restrictions on international trade and financial flows are of little value in curing a payments imbalance. They help only insofar as they improve tax revenues or increase domestic acquisition of public sector debt.

Mr Congdon also says that, if bankers want to avoid some of the sovereign debt difficulties they are facing, they should focus on fiscal variables to assess a government's ability to repay.

The abundance of a country's natural resources is of limited value, unless they can be translated into tax revenue. Mexico's oil and Argentina's agricultural potential are no help to foreign bankers with claims on the relevant governments. "Bankers need dollars, not oil or beef."

The only way, apart from borrowing, that the Mexican and Argentine governments can obtain dollars is by purchase with local currency. The only way, apart from printing, they can obtain surplus local currency is by having an excess of tax receipts over expenditure.

Belfast Co-op to propose merger

BY OUR BELFAST CORRESPONDENT

THE Belfast Co-operative Society is planning to merge with the Co-operative Wholesale Society in an attempt to reverse its losses and find the resources needed for a development programme.

The Belfast society, which had a £1.4m pre-tax loss on last year's turnover of £47m, said trading conditions had worsened in the past few years because of the recession, high interest rates and inflation.

The Manchester-based Co-operative Wholesale Society is a manufacturing and wholesaling arm of the retail movement. It employs 23,000 in the UK.

The Belfast Co-operative Society's directors will propose the merger at a special meeting of members on October 27. If approved, it will take effect as soon as possible.

Mr Ken Mawhinney, general manager of the society's retail operations, said the directors and the management believed the merger was the way to provide the finance needed to modernise and develop its retailing operations to meet the challenges of the 1980s and 1990s.

Its rationalisation programme, which has brought some shop closures over the past 15 months, would continue, but there would be no large-scale redundancies among the 1,500 labour force.

The Society, at present operating in the greater Belfast area, expects to cover other parts of Northern Ireland in the next few years, creating jobs.

The proposal is one of a growing number of mergers being discussed among Britain's Co-operative Societies as a result of the increasingly difficult trading climate.

Concern at C of E disarmament report

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

A CONTROVERSIAL report recommending the Church of England to support nuclear disarmament for Britain is causing concern in Whitehall.

The report, due to be published on Monday, comes from a church working party. Its recommendations include the cancellation of the Trident missile contract with the U.S., the phasing-out of the Polaris system which Trident is intended to replace, and a renunciation on moral grounds by Britain of its independent nuclear deterrent. Such a renunciation should be aimed at stopping the spread of nuclear weapons, the report argues.

Whitehall officials apparently anticipate that the report will provide a very considerable stimulus to the nuclear disarmament campaign in Britain, even though, as they are at pains to point out, the report is not official Church policy. It is to be discussed by the Synod next year.

Officials say the Government wants to encourage debate on Britain's nuclear policy, pointing out that the Ministry of Defence has made more information available in the past year or two than ever before. But they are afraid that the Church report will present the issues too simplisticly.

They say the morality of Britain abandoning its nuclear weapons only to shelter behind the U.S. deterrent is questionable, and that the report severely underestimates the practical problems if Britain were to renounce nuclear weapons but stay part of the Nato alliance.

Manchester group buys into U.S. oil and gas field

By Nick Garnett, Northern Correspondent

A MEDIUM-SIZED industrial and services group based in Manchester, which includes launderettes and fish and chip restaurants, has taken a half stake in the development of an oil and gas field in the U.S. state of Ohio.

Mr Jack Reading, a former warehouseman and chairman of the Broom House group which employs 800 in more than half a dozen different businesses, said the diversification from spin driers and dripping to energy wheeler dealing was already bearing fruit.

The 10 wells drilled since March would produce between 8m and 10m therms of gas this year, as well as 35,000 barrels of oil.

The gas, he said, was being sold at 15p to 25p per therm and the high grade Pennsylvania crude was being taken up by distributors.

The story of Broom House's commercial oil and gas operation was announced yesterday during a North-West Gas "save it" competition which Mr Reading won.

Mr Reading was presented with the North-West's gas energy management award, for almost halving the gas consumption at the group's 49 launderettes in South Manchester.

The Broom House group includes three Mother Hubbard fish restaurants, a shop fitters, sign company, a building business called Quorn Homes, three garages, a carpet yarn business and the launderettes.

Mr Reading was chairman of Launderette Investments when it was sold 10 years ago to Bankbridge, the industrial holding company. He joined the board of Bankbridge but later bought back the launderette business.

The group has invested $2m (£7.17m) in the oil field's development with the help of the National Westminster Bank.

The springboard for the venture, he said, were three American geologists who had recently left Texaco but had options on a number of sites. They lacked finance and approached Mr John Dunne, a former associate of Mr Reading.

How BA found profitability in taking good care of its overheads

Michael Donne reports on a policy that turned the airline around from years of jumbo losses.

THE PROFIT of nearly £75m earned by British Airways in the first five months of the financial year from April 1 is a sign that the tough retrenchment measures taken by the airline over the past 18 months are working.

The profit is attributed solely to the fact that the airline's costs have been brought down sharply—through extensive redundancies last year of over 9,000, cutting service frequencies, eliminating unprofitable routes, closing some overseas stations, selling unwanted properties and surplus aircraft and a tight control of other overhead costs.

All of the measures have been unpalatable to both management and staff, and there has been much criticism of them. But within the airline, and outside, such drastic surgery has been recognised as necessary, not just because the Government is planning to privatise the airline but because no airline, Government-owned or not, could go on losing money at the rate that BA was.

When the airline publishes its long-awaited accounts for the financial year ended last March 31, with an expected loss in that year of well over £500m, it will have put much of the worst of its troubles behind it.

The accounts for 1981-82 have been delayed while the top management under Sir John King, chairman, and Mr Gordon Dunlop, the new chief financial officer, has conducted a thorough review of the airline's financial affairs.

The heavy losses that will be revealed in the 1981-82 accounts will be due to a number of things.

Apart from operational losses in a year that was marked by a number of industrial disputes which cost the airline much-needed revenue, as well as by a continuation of the world air transport recession, there were many other problems.

The accounts will include the cost of redundancy payments to the 9,000 staff who left the airline in that year and another 7,000 leaving in the current financial year. These are believed to amount to over £200m.

The airline's heavy interest burden on its new Boeing 757 and 737 jet fleets is running at about £100m a year, while it is also understood that the management has heavily written down some assets, such as the existing ageing Trident and One-Eleven fleets.

The aim has been to clear away as many of the airline's outstanding financial difficulties as possible, to ensure that in 1982-83, subject always to the overall world economic situation (which is still having a severe impact on air travel), the airline can show a net profit.

Just how far the £75m profit can be maintained through the winter, to yield an overall profit for the year, remains to be seen. Customarily, the winter is a time of airline losses and BA is no exception.

Moreover, the introductory costs of the 17 Boeing 757 jets from next January has still to be borne.

Even if the airline can turn in a profit for 1982-83, however, the tasks facing management remain formidable. Clearing away past losses and pulling the airline back into profit is only the first step in the long-term recovery of the airline.

Privatisation lies just around the corner and investors will want to know that the airline is set for a long period of sustained profitability before they sink their money into the venture.

The tasks facing the management over the next year or so, both in the run-up to privatisation and in the years immediately following, will be fourfold.

There has to be a continued tough control of budgets, with a ruthless further pruning of unprofitable routes, cuts in frequencies of services and the closure of some overseas stations where necessary, in the bid to restore, and sustain, profitability.

At this stage, staff numbers are due to fall to 35,000 and it is not intended to make further redundancies. But it is always possible that natural wastage and a strict control of recruitment may lower that figure.

There has to be a major financial reconstruction of the airline, with a restructuring of the outstanding debt of over £1bn. Talks on this with the Government are in progress, but may continue for months.

The airline needs a new, long-term strategic operational plan for the future. Over the past year or two, top management has been too preoccupied with ensuring the survival of the airline in the worst economic blizzard the airline industry has known, to be able to think much about the longer-term future.

Many issues still have to be faced. No matter when privatisation occurs, the airline must still plan for its long-term future. New routes and destinations have to be considered, new type services—such as shuttles to Continental destinations—studied, fares policies reviewed, and future re-equipment programmes established.

Much behind-the-scenes planning to all these areas is under way. But the results must be co-ordinated into a long-term, publicly-announced, strategic plan that the staff of the airline, as well as its future investors, can see and study so as to restore confidence in the airline bright long-term future.

The staff needs to be shown that though world airline conditions remain difficult, competition rife and new business tough to win, the airline itself has a bright long-term futre.

Potential investors need convincing that their money will be earning dividends in BA through the rest of this decade and beyond.

Both inside and outside the airline, people need convincing that, no matter when or how privatistation occurs, BA has a major role to play in UK economic life—that long-term operational objectives have been clearly laid down, that management shake-ups (which shake the entire airline) are over and that there is clear, firm leadership from the chairman down to the shop floor.

Clearing away the past financial mess, which the report and accounts due next week are intended to do, is only the start of a major reconstruction task.

The profit for the first five months of the current financial year indicates that the airline is on course, but the job will still occupy everybody in the airline for a long time to come.

Only by successfully achieving that reconstruction will the political objective of privatisation be translated into practical, economic reality and Britain possess a flag airline that will be profitable for years to come.

Welsh steel plants go on short-time

By Robin Reeves, Welsh Correspondent

THE British Steel Corporation's two major South Wales plants Llanwern and Port Talbot, are going on to short-time working because of the poor state of the corporation's order book.

Llanwern is stopping iron and steel production for the whole of next week to try to reduce stocks of ingots and slabs. At current levels of output, this will mean the loss of nearly 30,000 tonnes of steel.

Port Talbot is adopting a more flexible approach. Most of the plant was being closed down yesterday and today only, meaning the loss of some 5,000 tonnes of steel production. But the position there is to be reviewed on a weekly basis.

The workforce at the two plants will receive 75 per cent of earnings lost as a result of the short-time working.

The shutdown at Llanwern means its 4,500 workforce will not have to decide whether to join the proposed national 24-hour steel strike on October 22.

Brian Groom adds: The TUC steel committee yesterday unanimously endorsed the recommendation to union executives for the next week's national one-day steel strike against closures.

Rail strike rebels to lose benefits

BY PHILIP BASSETT, LABOUR CORRESPONDENT

RANK-AND-FILE members of the National Union of Railwaymen (NUR) decided yesterday to take tough disciplinary action against members who defied the union's instructions to join its strike this year over pay and productivity.

A special delegate conference of the union decided, at a meeting in Birmingham, to suspend all non-cash union benefits for five years from the 12,500 members who refused to strike on June 28 and barred them from union office for that period. The 100 or so officials who also went to work will be stripped permanently of their offices.

After refusing to call on Mr Sid Weighell to reconsider his recent resignation from the union's general secretaryship, delegates administered a further blow to the hierarchy when they refused to accept a recommendation that the suspension should last only two years.

An internal NUR document on the strike-defiers, presented to the delegates, said: "It is clear that they were in breach of the union's rules. Action will need to be taken in order to maintain the union's strength and credibility."

The strike was abandoned only 18 hours after it started—and the conference has accepted the subsequent 6 per cent pay and productivity award prepared by Lord McCarthy—but the document says, "without doubt it was a success."

The delegates would not require full suspension from membership of those who went to work, partly because that might have led the union into difficulties with British Rail over the latters closed shop arrangements, which BR said would not apply during the strikes, and partly because the union is keen to maintain its subscription income. A further proposal, which would have counted the defiant as new members from June 30, so cancelling their accumulated dues and benefits, was defeated.

Members affected by the decision—reached after a three-hour debate in private—will still have to pay to the NUR their 85p per week dues, but will lose such benefits as representation and voting rights, diaries, ties, badges and pens.

Some delegates questioned the legality of accepting union dues while refusing benefits. Others proposed a thorough review of NUR organisation because at least some who failed to go on strike were the victims of poor communications.

Some NUR officials acknowledged the divisive effect the suspension could have on the union's membership, particularly after the loss of the general secretary.

● The conference unanimously accepted a pay increase of 7 per cent tied to productivity improvements for London Transport's 15,000 underground workers.

Right-wingers rebuffed over pay talks

RIGHT-WING members of the National Union of Railwaymen (NUR) failed yesterday to wrest the power to conduct key pay negotiations from the unions' executive committee which is led by left-wingers, Philip Bassett reports.

The failure of this surprise attempt at a special union conference in Birmingham followed the inability of the right this week to muster enough support among the 77 delegates to carry calls for Mr Sid Weighell to reconsider his resignation as NUR general secretary.

Right-wingers wanted to select from the more moderate annual general meeting of the union a sub-committee to negotiate with British Rail on productivity, now that the conference has accepted a pay rise of 6 per cent. A full meeting of the Railway Staffs' National Council was to have discussed the matter today, but has been postponed.

Such a move has not been attempted within the union since pay and productivity talks at Penzance in 1968. Even then, the sub-committee set up only negotiated while the conference was in session and did not supplant the role of the executive.

Angry left-wingers argued that the motion was a belated attempt to stage a vote of no-confidence in the executive. The resolution was defeated by 58 votes to 18.

The repercussions of Mr Weighell's defeat, by 41 votes to 36 continued yesterday. He sharply criticised one of the leading contenders for his job, Mr Jimmy Knapp, an NUR headquarters officer. Mr Knapp was once a firm supporter of Mr Weighell but is now backed by the left. Mr Weighell said yesterday that Mr Knapp did "not stand a cat-in-hell's chance of being elected."

Bank staff to ban overtime

THE BANKING, Insurance and Finance Union is introducing selective stoppages and an overtime ban to step up its industrial action at Standard Chartered Bank in a dispute over arbitration procedures.

The union held a march and a meeting in the City yesterday, to protest about the bank's withdrawal from an agreement which gave either side unilateral access to arbitration.

The union's 1,500 members out of the bank's 2,500 staff have been operating a policy of work-to-rule.

Call to step up health pay action

By John Lloyd, Labour Editor

A LEADER of the National Union of Public Employees, said last night that his union would press for a further escalation of action in support of the health workers' pay campaign following the "certain success" of the planned transport strike on November 8.

Mr Rodney Bickerstaffe, Nupe general secretary, has been touring the country speaking to health workers involved in regional days of action. He believes there is growing support in all the health unions for a still more militant campaign — including an all-out stoppage

He said pressure would mount for either an all-out stoppage or complete closure of certain hospitals — both tactics he and his union officials will press on fellow members of the TUC Health Services Committee

Other unions would also be called on to give support after the transport stoppage, he said. "We should have another September 22 (when stoppages and demonstrations were mounted nationally), and I believe we will get support from other workers."

The regional protest stoppages yesterday hit East Anglian hospitals, where all 25 of Norfolk's hospitals were affected.

Seamen may propose £900,000 cuts in Sealink port costs

BY DAVID GOODHART, LABOUR STAFF

A COMMITTEE set up by the National Union of Seamen to investigate cost-cutting on the Sealink-Harwich routes after the four-week strike in July is expected to recommend savings of almost £900,000.

The recommendation to reduce Harwich labour costs amounts to a considerable concession by the NUS. The plan still has to go before the 500 NUS members at Harwich.

The NUS has agreed to cuts in overtime on the Harwich to Hook of Holland ferry service, according to senior management sources at Sealink. The reductions would save about £350,000. Cuts in working hours on the freight service would save a further £100,000.

Talks are continuing between the NUS and Sealink on plans for restructuring work patterns that would save £400,000. Discussions are centring on changing the 24 hours on-24 hours off system, to 48 hours on-48 hours off.

Sealink management at Harwich believe the deal will be acceptable and if there are no final hitches the company will achieve most of the cuts it was seeking before the strike.

The company said then that the Harwich-Hook line would not be viable unless it saved about £1.3m a year. The Merchant Navy and Airline Officers' Association has agreed to savings of about £400,000.

The only real concession the NUS appears to have won is that the 25 per cent cut in the wages bill is not coming in the form of cuts in basic rates as the company proposed originally.

Pay cuts were the immediate cause of the four-week dispute at Harwich. NUS leaders saw the strike as part of a wider battle with the Government over the introduction of private capital into British Rail Sealink.

Unions aim to organise world aerospace workers

BY BRIAN GROOM, LABOUR STAFF

INITIATIVES aimed at organising the world's 1.8m aerospace workers into effective international groupings were agreed at a trade union conference in London yesterday. They include meetings between workers involved in cross-border collaborative projects.

But the conference, organised by the International Metalworkers Federation, heard evidence that unions were failing to match the increasing international sophistication of the industry.

Mr Herman Rebhan, the federation's general secretary, said major aerospace companies were changing from national to international production.

"The new Boeing 767 is only 70 per cent American, while the 150-seater Airbus 320 seems to have more potential financial and production partners—going as far as Canada and Australia—than it will have passengers."

The use of robotics was killing off apprenticeships and the development of skilled craftsmen in the name of enhanced productivity and competitiveness, Mr Rebhan said.

"Companies will be shielded from competition by governments for political reasons. Their workers, however, are not. And it is the workers who are being exposed to the new calls for greater productivity at lower wages."

Meetings of workers on international joint ventures will share information on issues such as pay and conditions.

Prof. Barry Bluestone of Boston College's Social Welfare Research Institute said that the vast sums risked by companies encouraged joint ventures and meant that a managed market had replaced the so-called free market.

Equitable sharing of job creation between nations must be a priority, but the unions' failure to meet the challenge of the changing market had led to a crisis for the 1.2m aerospace workers of the U.S.

APPOINTMENTS

New chairman for Bath and Portland

Sir Kenneth Selby, chairman of the BATH AND PORTLAND GROUP for the past 13 years, has decided to retire on December 21. Mr David Macdonald, chief executive of Antony Gibbs Holdings, has joined the board of the Bath and Portland Group and will become non-executive chairman at Sir Kenneth's retirement. It is proposed that Sir Kenneth should become president of the company.

★

Mr Oliver Brooks has been appointed a part-time deputy chairman for the ELECTRICITY COUNCIL for three years. He is a managing director of the Peninsular and Oriental Steam Navigation Company. Mr Jack Harmsworth has been reappointed member and deputy chairman of the North Eastern Electricity Board for five years from January 1 1983. Deputy chairman since 1978, he was previously an executive member of the board from 1974. Mr Bernard R. Hastings has been reappointed member and chairman of the Merseyside and North Wales Electricity Board for five years from January 1 1983. Chairman since 1978, he was previously deputy chairman from 1974.

★

Mr David H. Graham, Middlesbrough; Mr Peter J. Court, Coventry; Mr Michael G. Gilbert, Birmingham and Mr Richard H. Lambert, Birmingham, have been admitted into partnership with COOPERS AND LYBRAND.

★

Mr G. F. J. Ashton, Mr G. Comanos and Mr F. N. Lubbock have been appointed directors of NORTH KALGURLI MINES. Mr D. M. McMurtrie has been appointed comany secretary.

★

Mr Andrew Oakes who has for the past three years been responsible for Richard Ellis's investment sales department, is to join Reading-based private property group ROCKFORT as a group director.

★

MOORE REED AND CO, a member of the Kode International group, has appointed Mr Brian Christopher Kieran to the newly-created position of sales and marketing director. He was sales director at Portescap UK.

★

Sir Ronald Swayne and Mr Peter Dean have become part-time members of the MONOPOLIES AND MERGERS COMMISSION. Sir Ronald is a director of the Banque Nationale de Paris. He was chairman of Overseas Containers until July. Mr Dean is an executive director of The Rio Tinto-Zinc Corp. He is a part-time member of the British Transport Docks Board and a member of the council of the CBI.

★

Mr Les Tillyer has been appointed a director of ELECTRO-RENTALS, a wholly-owned subsidiary of Telephone Rentals. He has been with the group for 15 years, the last eight as manager of Electro-Rentals.

★

Mr Graham Walker, managing director of Ibstock Building Products has joined the board of the parent company, IBSTOCK JOHNSEN.

★

Mrs Diana Yates-Watson has been appointed chief accountant of GKN MILLS BUILDING SERVICES, part of the GKN Group. She joined GKN Mills in 1970 as management accountant and took over full responsibility for financial accounting in 1979.

★

Three new directors, Mr David Harrington, Mr Simon Owen and Mr Nicholas Parmee, have been appointed by TOLLEY PUBLISHING COMPANY. Mr Malcolm Lowe, a director of Benn Brothers, Tolley's parent company, has also joined the Tolley board.

★

Mr Paul Channon, Minister for the Arts, has made Mr David Mellor chairman of the CRAFTS COUNCIL. He succeeds Mr Robert Goodden.

★

DYLON INTERNATIONAL has named Mr Alan Turvey as group sales director, responsible for the sales of Dylon products in the UK and overseas.

★

Mr Martin Prevezer has been appointed an executive director of LEOPOLD LAZARUS.

★

Mr David E. Murray, chairman of Murray International Metals, has been appointed a non-executive director of the Edinburgh-based property developers, T. BOLAND AND COMPANY.

★

Mr Harold Williams has joined the board of MILLS AND ALLEN EUROMEDIA. He will be responsible for identifying new opportunities in the UK and Europe. Mr Williams was a director of London and Provincial.

★

Mr Henrik Thufason has joined SCANDINAVIAN BANK GROUP as general manager (Denmark) in succession to Mr Steen Steincke. Mr Thufason was previously deputy head of the Luxembourg subsidiary of Den Danske Bank. Other Scandinavian Bank appointments: Mr Robert Chase, manager (Iceland); Miss Jean Richards, manager (business information); and Mrs Judy Sizer, manager (personnel).

★

At SELTRUST HOLDINGS Mr B. A. Smith and Mr L. A. C. Cook have resigned as directors. Dr I. M. Gray and Mr S. J. Lewis have been appointed directors.

هكذا أصبح الأصل

Nato should offer 90-mile nuclear-free zone, says Owen

A CALL for Britain to take the lead in reducing the risk of a limited nuclear war in Europe was mada yesterday by Dr David Owen, when he opened the conference'a debate on foreign affairs.

The former Labour Foreign Secretary called for a ban on tho deployment of battlefield nuclear weapons and on chemical warfare in a 90-mila zone spanning the front line position of the North Atlantic Treaty Organisation and Warsaw Pact forces.

Dr Owen outlined a package of proposals designed to reconcile policy differences between the Social Democrats and the Liberals over nuclear weapons and to allay the genuine fears of the peace movement.

He said that the scope given to Nato and Warsaw Pact central front generals under existing policy to "lob around" tactical nuclear weapons constituted a grave risk of an escalation to a worldwide bolocaust.

Dr Owen pressed the Government to take the initiative in launching fresh negotiations with the Soviet Union in which the Nato powers would give a clear demonstration of their determination to reduce the risk of nuclear war.

Nato, he said, should make its contribution to the establishment of a battlefield zone free from nuclear weapons, even if the Soviet Union was not prepared to make a matching response.

Dr Owen argued that such an approach would not he a lurch towards unilateral disarmament provided it was associated with a strengthening of Nato's conventional forces, which would enable the nuclear threshold tn be raised.

Reports from Peter Riddell, Ivor Owen and Lisa Wood
Pictures by Ashley Ashwood

He claimed that, in the context of the proposals he had outlined, the decision by last year's Liberal conference to oppose the siting of U.S. Cruise missiles in Britain, had been premature. The Cruise missile would be an important bargaining counter in negotiations with the Russians to secure restrictions on the deployment of their Ss20 missiles.

He believed that Cruise missiles would never be sited in Britain, but if they were, he accepted that the British people would need to be assured that it was their Government's finger which was on the safety catch.

Dr Owen reaffirmed the alignment of the Social Democrats with the Liberals in opposition to the acquisition of the Trident nuclear missile system and appealed to the Liberals tn get into line over other aspects of defence policy.

He insisted that it was best to jump fences one at a time and declared: "One of the great dangers is that people want to take Becher's Brook when they are only halfway round the course."

Dr Owen advocated an aggressive stance by the SDP-Liberal Alliance to highlight the economic consequences which would follow if a Labour Government slashad spending on conventional weapons and took Britain nut of the European Common Market.

He challenged Derby's two Labour MPs to explain bow they could possibly support such a programme when it was certain to have serious implications for Rolls-Royce on which their constituents were so heavily dependent for their livelihoods.

Dr Owen said tha reality of Labour's policies should be made clear to union members and shop stewards and to management at all levels throughout the country.

Mr Jake Jacobs, south-east Sussex, expressed concern at a newspaper report "that our party has already explicitly rejected unilateralism." He said: "This is not a plea for unilateral action, it is a plea that it should not be utterly discounted at this stage of our deliberations."

Air Marsbal Sir Reginald Harland said: "No military person, regular or reservist, wants a war, least of all a nuclear war." The first line of deterrence was a sound and consistent foreign policy, one which foresaw problems and made clear how far Britain would go to dafend its rights.

Two things could be done. The first was the conclusion of mutual defence pacts, especially between trading partners and others with strong common interests in peace. The second was to provide help and guarantees to smaller nations from larger ones.

But Sir Reginal added. "If we ever allow ourselves to be open to nuclear blackmail we could neither help our allies, nor the Third World. So we need to keep some deterrent ourselves, until we can persuade the USSR into a genuine mutual reduction and even abolition of these weapons."

In the meantime it was important to ensure that no war started by accident, because some nation thought that it could get away with a genuine snatch and grab. "Armed robbery should be deterred by the knowledge that the sheriff's posse will follow with orders to shoot."

Mr Harold Jones, Nuneaton, said be bad been an official of the National Union of Mineworkers for 22 years and was "a defector" from the Labour Party.

"It is a wonderful feeling to come to a rostrum without a mandate," be said.

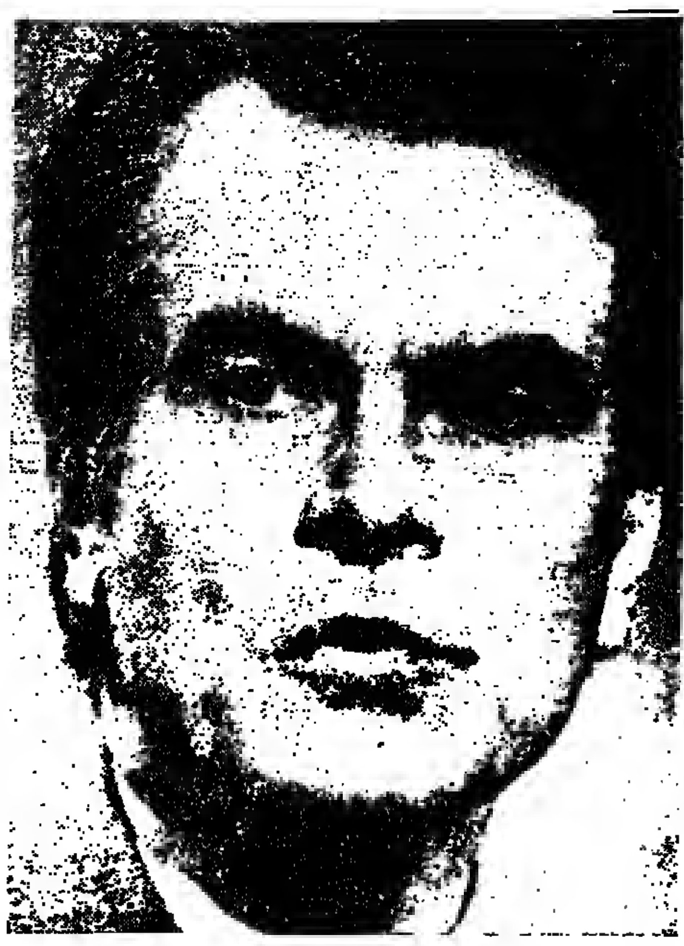
"I'm in favour of disarmament and peace but I'm not in agreement with total disarmament, which has now become the policy of the Labour Party."

Mrs Martina Humber, aouth Hampshire, said: "Both the disarmers and the negotiators ignore tbe self-interest of those involved in and dependent on, the arms business; the only growth industry today."

Mr John Roberts, Hammersmith and Fulham, called for an increase in grants to the British Council; greater financial independence and security for the BBC's external services and the broadcasting of the World Service back to Britain. "We have a right to bear in Britain the word that we give to the world," be said.

Mr Vincent McKee Coventry, a student teacher complained about the growing influence of the Campaign for Nuclear Disarmament in schools, youth organisations and church organisations. He said be had resigned from the Labour Party on the issue of unilateral disarmament but added that CND should not have the monopoly of the peace debate. Peace with security meant continued use of a nuclear deterrent.

Mr Dick Crawshaw, MP for Toxteth, winding up the debate, said: "The policy of this party is quita clear as it stands at tbe moment. It could be changed bnt I could never belong to a party that was for unilateral disarmament."



● David Owen: Cruise missile seen as important bargaining counter

Williams the popular favourite, but the doctor for the long haul

DAVID OWEN is rapidly gaining the authority of his old mentor, Mr Denis Healey. His speech on foreign affairs yesterday bad all the intellectual mastery of Mr Healey, bowever much both men might dislike the comparison. Despite a few grey bairs, the doctor is 20 years Mr Healey's junior.

Dr Owen managed tbe rare feat of explaining MBFR and START talks in a language that the average SDP middle manager and Fleet Street reporter could understand, while delicately balancing the necessary concern with real politique. His nne mistake was to stray into a racing metaphor in a gentle warning to the Liberals not to attempt Becher's Brook before they were balf way around the course. Aintree aficionados pointed ont that Becher's Brook was less than balf way round the course.

Dr Owen has been the main gainer since the SDP's launcb and be is looking increasingly like Mr Jenkins's successor as leader in a few years time. While Mr Jenkins appears as the grand architect of the Alliance and Mrs Williams remains the popular favourite as tha voice of compassion, Dr Owen looks like the man for the long haul.

The ups and downs nf the last year have increasingly sorted out the party's leadership. Mr Bill Rodgers, somewhat unfairly, baa lost out so far, partly because his talents are more apparent ln the corridors of power than on the platform. Among the MPs the nriginal dozen who broke away from Labour are still the key figures and the defectors who arrived later are generally on the sidelines

The activists still appear to trust the leadership to judge by a poll of those attending at Cardiff and Derby by the BBC's Newsnight programme.

The BBC received replies from 527 people, or about 53 per cent of those attending. The sample is inevitably partial, given the self-selecting nature of those with time and money tn attend a midweek conference.

Only 5 per cent of those replying blame the leadersbip for the party's loss of aupport, while nearly 44 per cent cite the Falklands crisis and 31 per cent refer to a failure to present SDP policies clearly enough. Nearly a fifth attribute tbe loss of support to qnarrels with the Liberals over seat allocations.

The activists are also in accord with tha leadership's view ofthe Alliance. Over four-fifths approve the idea of a united manifesto. Just over one-fifth would like to see a fully integrated SDP/Liberal Party one day, while two-fifths—similar to Dr Owen's support in the leadership contest—want a permanently separate SDP. The rest prefer to leave the decision until the next election.

More than two-thirds want the SDP to be a party of radical change, while just under 30 per cent want the SDP to be a party of moderate reform.

The activists also appear to see the SDP as left of centre. Nearly 37 per cent, according to the poll, expect tha SDP to gain more votes from Labour at the next election while less than a tenth expect the party to gain from the Conservatives. The rest expect the party to gain from each.

The survey confirmed the familiar stereotype of SDP activists aa middle-aged with above average income. About 43 per cent of those surveyed earn more than £10,000 a year and less than 15 per cent receive below £5,000 a year. Around two fifths are trade union members

Nearly two-fifths of the sample voted Labour at the last election. Nearly a quarter supported the Liberals and just over a fifth the Conservatives.

Peter Riddell

A CONSIDERED VIEW: Mr Roy Jenkins listening to the debates yesterday.

Tories blamed for social pressures on police

THE TORY Government has not supported the police "in a way the community expects," Mrs Shirley Williams, SDP president, said yesterday.

Mrs Williams was introducing the debata on inner cities. She said that Social Democrats supported the Government in ensuring that the police were staffed, trained and equipped adequately.

"Bnt the police should not be asked to suppress symptoms of social unrest and social disturbance created by politicians who could ease those pressures."

But sbe was "profoundly disturbed" by the growing polarisation of police authorities between those dominated by Conservatives, wbo never criticised the police, and those who were Labour-dominated, who never found anything right

The SDP would press the Government in the coming parliamentary session, to bring forward legislation establishing an independent body to deal with serious complaints against the police. Police-community liaison committees should be statutory, and police authorities should include representatives of ethnic minorities and voluntary organisations.

Mr Rny Evans, a black elected member of the national committee, said the SDP had tn turn its words into action." Blacks bad to receive the fundamental rights they were entitled to. There was nothing concessionary about that.

On finance and the inner cities, Mrs Williams said a neutral basis for the rate support grant had to be created, "so that the inner cities are no longer discriminated against as they have been over the past three years."

Alliance 'not a marriage'

CLOSER co-operation between the Social Democrats and the Liberals in the new parliamentary session would not blur the separata identities of the two parties, Dr David Owen told delegates.

He indicated that the first joint meeting of SDP and Liberal MPs on November 3 to discuss the Governmant's legislative programme would not lead to the appointment of a single Alliance spokesman when major issues were dqiscussed in the Commons.

Dr Owen said there would be fewer opportunities for SDP and Liberal MPs to take part in big debates unless tbe two parties continued to operate as separate units at Westminster.

The Social Democrats and the Liberals would seek to demonstrate they had so much in common that they would be able to form a coberent government.

Every effort would be made to reach a common view with the Liberals, but different shades of emphasis would be made clear.

Dr Owen said the SDP's refusal tn adopt a strict whipping system in the Commons and its acceptance of the right of individnal MPs to express dissenting vlews were signs of strength and not weakness.

EEC 'promise' recalled

THE FORMER Labour Prime Minister, Mr James Callaghan, assured Mr Henry Ford II tbat there was no qnestion of British withdrawal from the Enropean Community, Dr David Owen claimed yesterday. He said tbe assurance was given during discussios over Ford investment at Bridgend, South Wales.

Dr Owen, wbo was Labonr Foreign Secretary at the time, said the commitment was made at the bighest level of Goverment during talks with Mr Ford at Downing Street. The discussions involved a number of senior Ministers wbo were still Labour leaders.

Without that firm commitment against withdrawal from the EEC there would bave been no hope of the investment.

Dr Owen made his disclosure during an attack on the change of mind among Laboor leaders on the EEC.

Telecom sale denounced

SDP MPs will join with the Liberals in opposing the Government's Bill to denationalise British Telecom. This was announced by Mr Ian Wrigglesworth, MP for Thornaby, wben be accused the Government of needlessly embarking on a course whicb would make BT "a political football."

THE PROPERTY MARKET

BY ANDREW TAYLOR

UDT: the latest City office move

UNITED Dominions Trust, the finance house acquired just over 18 months ago by Trustee Savings Bank, is to move at least two thirds of its City office staff out of central London. The company is moving to a new office block in New Barnet, to the north of the capital.

UDT says that it has decided to relocate about 200 of its 300 head office staff, to "reduce overhead costs and to move closer to the company's computerised customer accounts centre at Cockfosters."

The company has taken the whole of Markheath Securities' 45,000 sq ft new office development, Solar House, New Barnet. It will pay a rent of £8.50 a sq ft and transfer of staff to New Barnet is expected next July.

UDT has owned its present headquarters building, at 51 Eastcheap in the City, since 1954. It occupies about 60,000 sq ft of the 72,000 sq ft building in which TSB Trustcard, a subsidiary of Trustee Savings Bank, also occupies a floor. No decision has yet been reached about the future of the Eastcheap premises.

UDT joins a string of other companies which have recently decided to relocate all, or a large part, of their head office operations away from central London. It says that the rising cost of central London rates was a factor behind its decision.

Last month Commercial Union announced that it would be transferring the jobs of about half of its 2,400 London staff to new offices in Croydon, Surrey and Basildon in Essex. This is expected to release about 100,000 sq ft in the insurance giant's St Helen's Undershaft offices, in the City. Commercial Union says that as a result of staff cuts and the reorganisation it expects to be saving £20m a year by 1984.

Earlier this year Chemical Bank announced that it would be transferring some of its central London operations to Cardiff where the bank is thought to be paying a rent of £5 a sq ft on Trafalgar House's 56,500 sq ft development in Fitzalan Place. Around 100 jobs are thought to be affected by the move.

UDT says that no decision has been reached over whether staff left behind after the New Barnet move will continue to occupy the Eastcheap building.

● **Meanwhile, one relocation move which appears to have come unstuck is British Steel's transfer of 200 employees earlier this year from its Mayfair headquarters to the Amy Johnson building in Croydon. BSC, in a further bid to stem losses running at £7.2m a week, has now decided to move out of Amy Johnson House and says that some of its staff face redundancy.**

INDUSTRY IN RECESSION

New look for Wales

THE WELSH industrial property market is coming in from the cold. Long regarded as off-limits by most property investors, Wales is now being seriously investigated by fund managers for investment opportunities.

This turnround is due mainly to the work of the Welsh Development Agency, established in 1976 to put fresh impetus into the task of regenerating the Welsh economy—by amalgamating the tasks of advance factory building and derelict land clearance and investing, where appropriate, in promising ventures.

Last year, the agency flooded the market with no less than 2.5m sq ft of new industrial space—or 450 new units—as the advance factory building programmes launched in 1980, in the wake of the massive steel redundancies, came to fruition.

Yet at the height of the worst recession since the thirties, it still found new tenants for 250 new factories or 1.5m sq ft of space and achieved an increase in new rents of some 30 per cent.

Enquiries and letting rates are continuing at the same level in the current financial year, although the rate of factory completions is being reined back to about 1m sq ft. Construction activity is being more concentrated on replacement of let units to maintain stock and on site preparation.

Admittedly, the rental growth has been from a traditionally low level. But it has now reached the point where a modern factory in a good location is achieveing £1.70 to £1.80 a sq ft and small units in prime locations are making £2.00 to £2.50 a sq ft.

Although mainly government-financed at present, the agency is anxious to involve the private sector. Norwich Union and CIN Properties put £5m and £3m respectively two years ago into two WDA factory schemes, which have gone well. Now, according to Phillip Warren, the WDA's construction and development director, serious negotiations are in train with a dozen financial institutions to arrange similar deals.

Immediately obvious reasons for the WDA's good lettings record are a standard two-year rent-free period for most new tenants. The agency is also no longer insisting upon manufacturing tenants only. It is prepared to let its premises to good quality service industries. It has also loosened up on the number of new jobs it requires. The measure used to be at least five jobs per 1,000 sq ft whereas, these days, it will accept three jobs per 1,000 sq ft, in part because of the greater capital intensity of modern industrial ventures.

But it also reflects more fundamental factors. One is the marked improvement in Welsh road communications. The M4 motorway has now been completed and work has begun in earnest on the A55 expressway in North Wales. Equally significant are a number of trunk road improvements to remove bottlenecks, particularly in the industrial valleys of South Wales.

The sheer scale of recent building activity also enables the Agency to offer a wide range of locations and unit sizes capable of satisfying most requirements.

Then there is the WDA's unprecedented marketing and promotion effort to let its factories, not least the highly successful TV campaign. Last year, a total of £1.7m was spent in this direction and similar expenditure is likely this year.

Arguably, apart from encouraging lettings, it is also helping to change traditional perceptions of industrial Wales. It is becoming the nearest development area to the south east with a share of modern industries rather than a remote land scarred by coal tips and industrial dereliction (now largely removed).

Add in the availability of equity and loan finance which the WDA can offer wearing its investment hat, and the lettings record which is becoming the envy of other recession-hit UK regions and attracting the interest of the private sector becomes understandable.

ROBIN REEVES
Welsh Correspondent

Ansells to auction prime site

ANSELLS BREWERY is selling its prime 10.38 acre site at Aston, Birmingham. The land and buildings, just off the M6 and with good access, will be auctioned on March 24 next year.

Mr Maxwell Taylor, of agents Grimley & Son who will be auctioning the property, describes it as "the most important in Birmingham for very many years."

Ansells closed the brewery, which had troubled industrial relations, in 1981. The property includes a modern 61,500 sq ft distribution depot, 40,000 sq ft of offices and an extensive range of specialised brewery buildings.

The location is ideal for manufacturing and distribution. Mr Taylor estimates that the site could take around 250,000 sq ft of buildings.

Also in the West Midlands, Richardsons Developments, a private company, has agreed terms to buy sites totalling 110 acres at Brierley Hill in the Dudley enterprise zone.

Richardsons say that the £40m development, with warehousing, factories and possibly a retail element, should start next spring and take four years.

ARTHUR SMITH
Midlands Correspondent

Scottish bank sells two City offices

TWO OF the three City of London office properties announced for sale this summer by Royal Bank of Scotland have now been sold. Speyhawk has bought the adjoining office premises at 62 Lombard Street and 18 Birchin Lane comprising a total of almost 18,000 sq ft of net office accommodation.

Speyhawk is thought to have agreed a price of between £9m and £10m for the properties but the final price will depend upon the outcome of a planning application to extend the premises.

The third office property put up for sale by the bank is now being marketed by Drivers Jonas. The building at 3 Bishopsgate comprises 20,000 sq ft of net office accomodation. Drivers Jonas also acted for the bank on the sale of the two properties to Speyhawk.

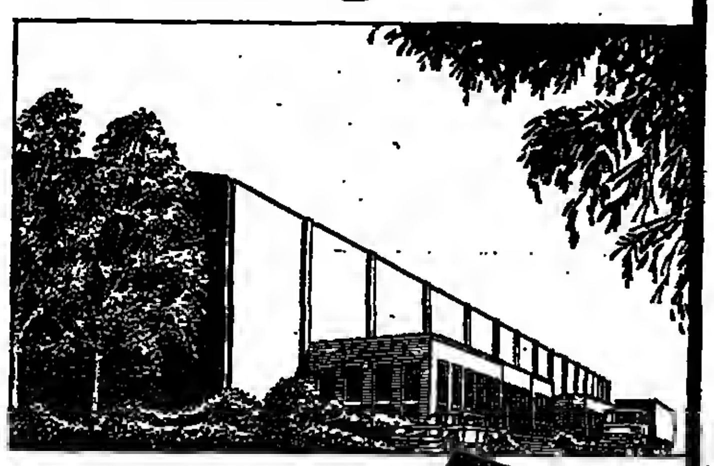
● As some companies continue to look for cheaper accommodation outside the central London market, other firms are prepared to move into the space they leave behind. Associated Press, for example is to take 42,235 sq ft in the former Lummus headquarters at 100 Fetter Lane.

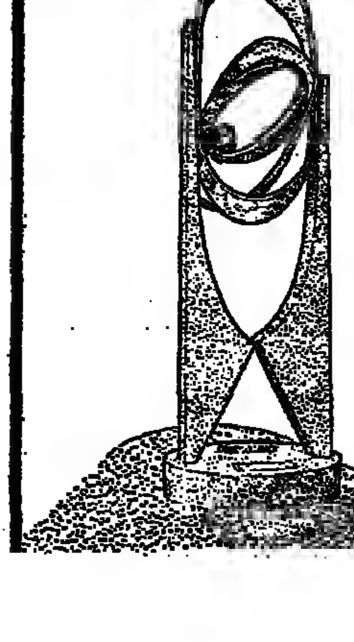
Debenham Tewson & Chinnocks, which arranged the deal, says that the transaction was complicated because of the special requirements of Associated Press. A sub-letting based on the terms of the existing lease was unacceptable to the agency and a new 25 year lease on the north block has been granted. After allowing for an extended rent free period, to allow for fitting out and arrangement of telecommunications facilities, the rent to the agency equates to about £13 a sq ft.

Associated Press also did not wish to occupy the whole of the north block so Lummus has taken responsibility of finding tenants for the fifth and sixth floors and will pay the cost of these floors until tenants are found. That the agency was able to drive such a hard bargain reflects the recently depressed state of the London's letting market, particularly on the City fringes.

Debenham Tewson is also marketing the south block of 100 Fetter Lane, comprising some 50,700 sq ft. The agents say that Lummus is prepared to offer an extensive rent free period, and consider other ways of assisting incoming tenants.

● Arlington Securities has forward sold the 120,000 sq ft first phase of its joint industrial, warehousing and office development with Globe Investment Trust at Marlow to the Post Office Superannuation Fund for some £8m. Strutt & Parker acted for Globe Park and Bernard Thorpe for the Fund.





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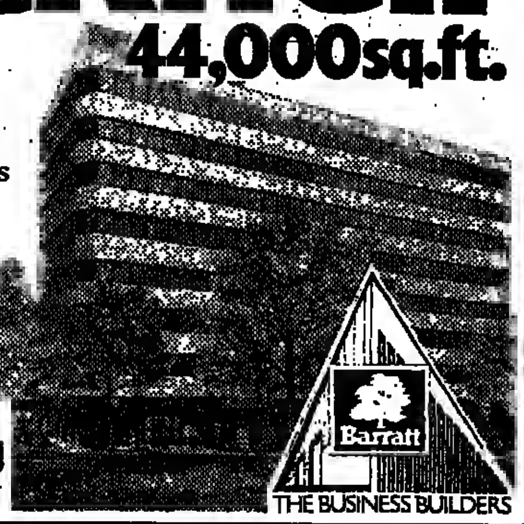

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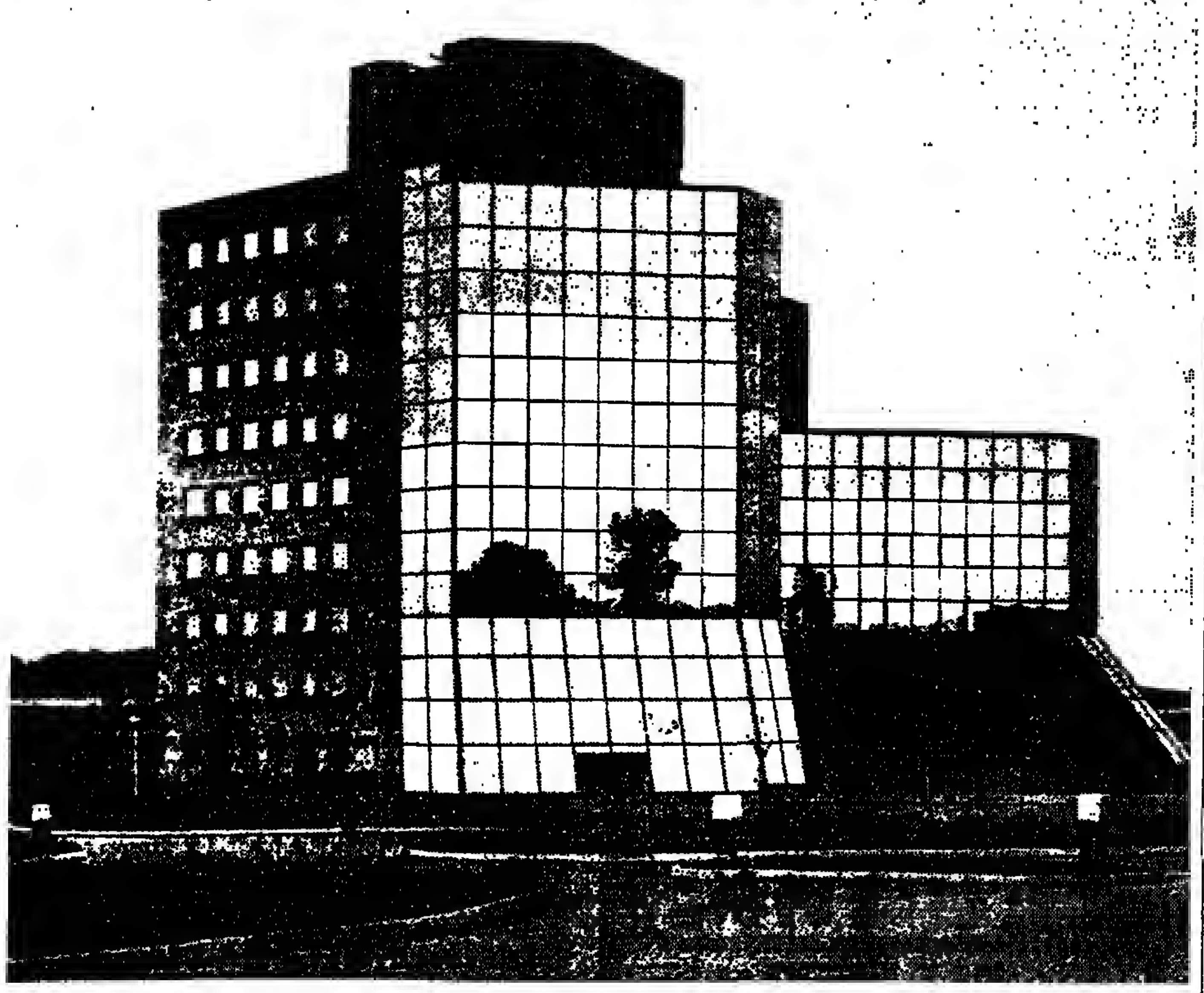

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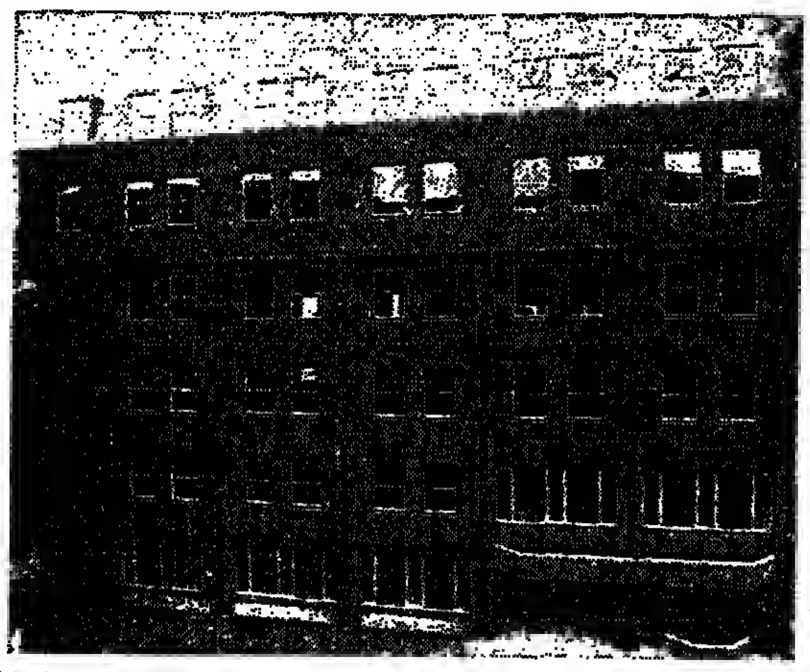

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approx **107,000** sq.ft.
on a site of approx 5.8 acres
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Within secured 5 acre site

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LOCATION
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SIZE
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ACCOMMODATION
3,000 sq. ft. of administrative accommodation or the opportunity to build it.

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White Michaels & Co. Ref. JBM
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3,500 Sq. Ft. Superb First Floor Office Suite
Comprising eight private offices, a large boardroom, spacious reception open plan area, together with private kitchen and telecom room.

Amenities
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For Sale
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14,000 sq. ft.
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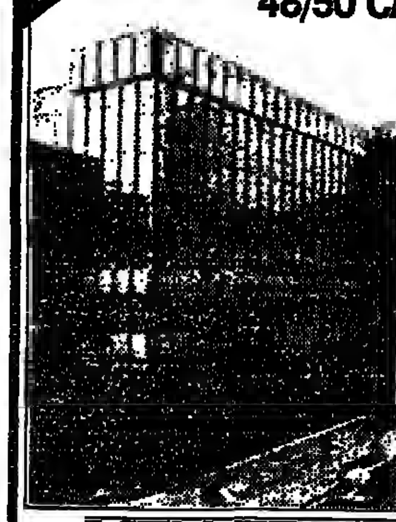

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Air conditioned – Car parking.
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In prime commercial situation
Charming period building with shop having small self-contained flat over, plus additional cottage having pretty garden. All mains. Freehold. Possession. £91,000
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3 x 3,000 sq ft units to be let individually or as a whole or for sale. £3 per foot. New lease — 25 years, 5 year reviews
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2750 SQ FT APPROX
High quality s/c offices and executive suite. Must be seen. Ready for immediate occupation. Telephone and telex installed. New lease. No premium.
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In one of the fastest expanding towns in the western corridor for sale at £1.25 million. This figure is non negotiable and is slightly in excess of current use value. Purchaser must be capable of investing this sum for approximately three years due to planning restrictions although some interim income is available. However, projected profitability in the region of £2 to £2.5 million after interest.

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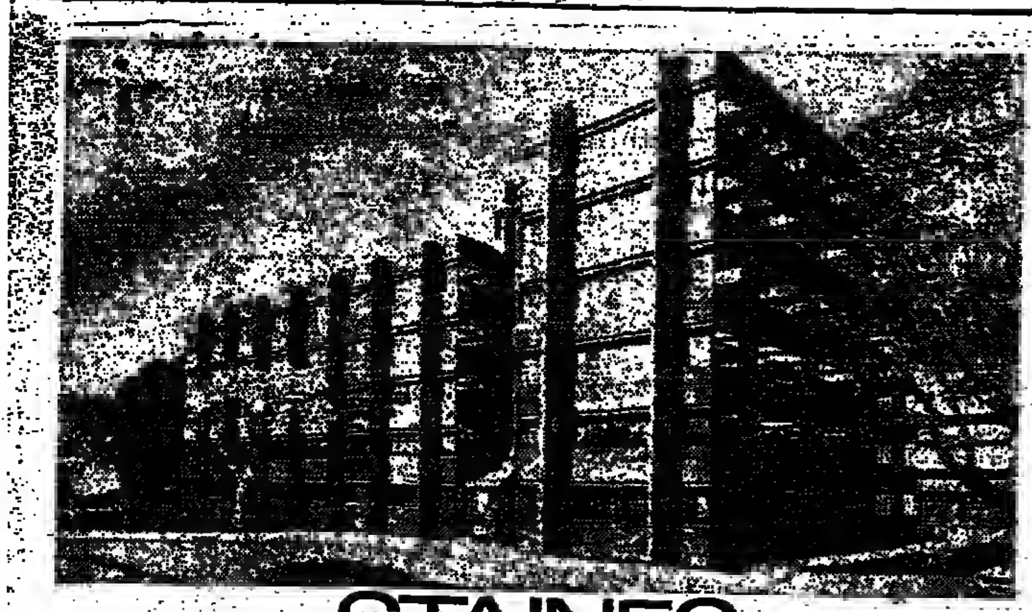

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Close to Heathrow Airport. Town centre location

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Prime central location

SUPERB NEW OFFICE DEVELOPMENT

Available to let in floors from 3,600 sq. ft.
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From 844 sq. ft. Freehold
Luton Town Centre
Completion November 1982
Prices from £38,500
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GUILDFORD, SURREY—Prestige modern offices to let in suites from 2,275 to 7,000 sq. ft. at commencing rents from only £6.50 per sq. ft. J. Trevor & Sons, 58 Grosvenor Street, London W1X 0DD. 01-629 8151.

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BATTERSEA, S.W.11—Freehold Industrial/office unit 2,200 sq. ft. for sale. Please contact Ogleton Scott and Company, 01-446 7701.

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ONE OF S.E. ASIA'S PRIMARY DEVELOPERS SEEKS JOINT VENTURE

- 50 PLUS ACRES IDEAL FOR EXCEPTIONAL TOURIST ATTRACTION(S) AND ACCOMODATIONS. LAND VALUE US$150 MILLION
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Available in fastest growing area in U.S.A.—West Coast of Florida
Price from:—

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WITH AVERAGE UNIT PRICE OF DOLLARS 13,000

Full Construction Finance and Project Management available
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FOREIGNERS can buy apartments freehold on LAKE GENEVA, in Montreux near Lausanne, or all year round resorts: St Cergue near Geneva, Villars, Verbier, Les Diablerets, Leysin, etc. FINANCING 50-70% AT LOW INTEREST RATES. Also quality properties in France: Apartments in EVIAN on-the-lake, approximately 35 minutes from Geneva, and luxurious villas VERY NEAR THE BORDER OF GENEVA, built to your specifications. Advise area preferred.
Write to:
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Please write to Cipher L-18-118393,
Publicitas CH-1211 Geneva 3

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1300 sq.ft. of Toronto For Sale

Condominium residences in their own private park. Situated on 33 acres of beautifully landscaped parkland and still in the middle of the city. Ideal for persons who wish to create a second home, business stop over or simply just for investment. Find out what shrewd business people and investors know; that you don't!

LIVING ON A GRAND SCALE
Concorde Place

To all respondents of our advertisements and other interested persons:
We are pleased to announce that the developer of Concorde Place will be at the Dorchester Hotel, Park Lane, London, from the 15th through 18th October 1982. Please call for appointment with either Mr. Abe Rootenburg or Mr. Peter Lawrence.

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Now is your opportunity to own PRIME California Real Estate at excellent prices. Some favourable financing is now available at interest rates from 9% to 12%. We will also manage your investment to assure income performance. Our portfolio includes single and multiple rental units, development projects and agricultural properties (California vineyards). Cash investment requirements are from $75,000.00 to over $1m. Excellent return. Confidentiality assured.

Contact: John Reed
3857 Birch Street—Suite 524
Newport Beach,
California 92660 USA

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US INVESTMENT PROPERTIES
Office/Commercial Quality Buildings
Key Locations, 10%-4% yield leaseback
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$360,000 to $1,700,000
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Developers are offering 70% to 90% finance at only 7½% rate of interest for a 20-year loan to purchase 1-2-3 bedroom properties in several Aparthotels at major resorts. In return, Swiss property values increase by 10% p.a. on average: Swiss currency has appreciated by 60% over sterling in the last 10 years and the apartments could earn about 4% net income p.a. plus providing you with a holiday home at either VERBIER, VILLARS, CHATEAU D'OEX, or SILVAPLANA.
Let the Swiss finance Your Property Portfolio
Information and Inspection details:
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154 London Road, Portsmouth, Hants.
Tel: PORTSMOUTH (0705) 668811.

DALLAS, TEXAS — Bank Assured Investments with large capital appreciation. Minimum Down payment from US$22,000. Contact: FINADVISA (UK) LTD., 37 Church Vale, London N2 9PB. 01-444 5453.

HOUSTON, TEXAS — Unique Investment Opportunity with NO DOWNPAYMENT —assured return plus high capital gain possibilities. Contact: FINADVISA (UK) Ltd., 37 Church Vale, London N2 9PB. 01-444 5453.

FLORIDA—Invest in a luxury Home in the most beautiful and peaceful part of the "Sunshine State," where the living is both good and inexpensive. I own one and can give you the benefit of my personal knowledge. Ask me for details of how you can live in one without charge or obligation while you judge the quality. K. Sloan, 37 Macauley Rd., Stockport SK5 6JR. Tel: 061-442 7419.

LUXURY FLORIDA CONDO excl. area nr. Palm Bch., ocean view, all facilities. 3 wks. Nov. 20-Dec. 11 timeshare in perpetuity. Owner will trade for London condo or auto., furn., etc., in Europe equal to U.S.$24,000. Sian Zimmerman, tel. (212) 691-3322. 71 West 23rd. St., N.Y., N.Y. 10010.

MORAIRA—Spain. Ideal luxury retirement villa or Company Guest House. 3 Bedrooms, 2 Bathrooms (1 ensuite). Maids room and Bathroom, on 2/3 acre mature garden—magnificent sea views. £105,000. Details: Sol y Mar, Leatherhead 0372 378222.

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Prime Location Land for Residential Development
Approx. 30 acres with PLANNING PERMISSION, 120 residences—planned development. Potential for additional 50 residences. Near new Shopping Centre, Airport, Highways. 25 Golf Courses.
$2,000,000 CASH
or 1-2 year terms available
For complete information:
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Phone: (213) 556 5988.

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42.77 Acres of Californian prime producing Kiwi Orchard
Planted 1975-79 with most plantings averaging 11 tons per acre. Highly profitable. Some new ITC. Heavy crop near harvest. US$6m. Owner financing. Phone Richard Haas (USA) at 408-247-7077 or
Write Box T5754, Financial Times
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SALE OF MANHATTAN CO-OP, 49 St. (Waldorf) Lex & 3rd, by owner. Effic. w. dressing room, Murphy, airc. w-to-w, at $58m dp $29m-mnt. $235. Secure, quiet, conv. to all shop. & Trans. (212) 355-5120.

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Fantastic Development Opportunity
228 prime acres/high demand location
Development mix of 1,750+ residential units, with 40+ acres business
Submit all offers to:
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Tel: (714) 239-2675

BOND DRAWING

CITY OF HELSINKI
U.S.$15,000,000 8¾% Bonds 1981/1986

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,000,000 due 15th November, 1982 has been met by purchases in the market to the nominal value of U.S.$736,000 and by a drawing of Bonds to the nominal value of U.S.$264,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

12	45	117	262	408	649	963	1301	1349	1432
1491	1574	1618	1640	1800	2054	2175	2334	2389	2618
2954	3024	3419	3444	3485	3510	3548	3570	3593	3827
3711	3747	3933	4148	4463	4487	4509	4537	4572	4594
4618	4643	4670	4721	4744	4766	4793	4825	4887	4891
4917	4979	5132	5166	5194	5219	5269	5337	5434	5509
5539	5594	5818	5967	6031	5123	6156	6218	6251	6476
6488	6522	8544	6567	6596	6621	6655	6878	6718	6764
6796	6860	6891	6918	6941	6965	7006	7028	7051	7086
7106	7135	7150	7213	7298	7334	7357	7383	7554	7576
7614	7647	7696	7719	7745	7796	7839	7861	7884	7933
7958	8005	8041	8098	8123	8153	8203	8231	8255	8280
8306	8408	8432	8454	8477	8498	8522	6545	8609	8631
8655	8689	8712	8739	8769	8795	8827	8860	8887	8915
8938	8986	9008	9032	9056	9079	9102	9187	9214	9346
9437	9468	9491	9514	9539	9665	9708	9760	9785	9808
9841	9863	9694	9917	9938	9961	8985	10045	10084	10112
10157	10188	10487	10595	10616	10980	11010	11076	11099	11122
11146	11167	11190	11267	11297	11790	11672	11961	11984	12077
12107	12287	12334	12395	12430	12462	12686	12657	12721	12832
13028	13052	13092	13229	13252	13315	13337	13360	13403	13471
13495	13517	13540	13502	13624	13647	13670	13892	13715	13737
13761	13784	13806	13629	13851	13875	13897	13920	13972	13999
14021	14043	14116	14139	14181	14185	14252	14290	14313	14336
14361	14383	14406	14429	14452	14474	14515	14537	14559	14583
14605	14628	14651	14673	14697	14718	14766	14785	14817	14840
14862	14885	14908	14949						

On 15th November, 1982 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th November, 1982 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$5,000,000 nominal amount of Bonds will remain outstanding after 15th November, 1982.

The following Bonds previously drawn for redemption on the dates stated below have not as yet been presented for payment.

15th November, 1977

4	4588	4807	4626	4705	4973
5196	6971	8742	13084	14353	14456

15th November, 1978

41	642	3503	4770	4805	4822
4836	5069	6043	6119	6761	7577
7882	7997	9285	10106	12652	13080
14475					

30, Gresham Street, London, EC2P 2EB. 15th October, 1982

COMPANY NOTICES

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)

5¼% 20-year bonds of 1964
U.S.$30,000,000

On October 5, 1682 Bonds for the amount of U.S.$1,446,000 have been drawn for redemption in the presence of a Notary Public at Kredietbank S.A. Luxembourgeoise in Luxembourg.

The Bonds will be reimbursed at par coupon No. 10 and following attached on and after November 15, 1682 against surrender of the Bonds at the place of the Paying Agents mentioned below, in accordance with the terms and conditions of the Bonds. Interest on the drawn Bonds will cease to accrue on and after November 15, 1982.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 11804 up to 19909 incl.

Amount purchased on the market: U.S.£554,000.

Amount outstanding: U.S.$4,000,000.

Outstanding drawn Bonds:
800, 502 and 503. 5031, 5044 to 5048 incl., 5057, 5077, 5092 to 5094 incl., 5133 to 5136 incl., 5140 to 5155 incl., 5159 to 5161 incl., 5177 and 5178, 5217 to 5220 incl., 5828 and 5820, 5902, 5908 to 5012 incl., 6150, 6230, 6580 to 6593 incl., 6844 and 6845, 6850, 6665, 7104 to 7109 incl., 7137 to 7139 incl., 7165, 7213 and 7214, 7227 to 7230 incl., 7275 and 7278, 7237, 7358, 7490 to 7492 incl., 7797 to 7799 incl., 7890 to 7902 incl., 7904, 7972 to 7978 incl., 7970, 8198, 6223 and 8224, 6387, 8398 to 9800 incl., 6838, 8449, 8451 to 8454 incl., 6857 to 8461 incl., 8486, 8533, 8540, 8555, 8559, 8618 and 8615, 8610, 8621, 8815, 8819, 8828, 9007, 9080 and 9081, 9128 to 9131 incl., 9197 and 9198, 9805, 9815, 9841, 10109 to 10109 incl., 10113 to 10116 incl., 10507, 10808, 10839, 10841 to 10844 incl., 11002 and 11003, 11012 to 11016 incl., 11076, 11078 to 11080 incl.

The Paying Agents:
—THE CHASE MANHATTAN BANK N.A., Corporate Bond Redemptions, P.O. Box 2020, 1 New York Plaza, —14th Floor, NEW YORK N.Y. 10081.
—S. G. WARBURG & CO. LTD., 30 Gresham Street, LONDON EC2P 2EB.
—KREDIETBANK S.A. LUXEMBOURGEOISE, 43 Boulevard Royal, LUXEMBOURG.

On behalf of the
EUROPEAN COAL AND STEEL COMMUNITY

Luxembourg,
October 15, 1982.

Arab-Malaysian Development Bank

البنك العربي الماليزي للتنمية ش.م.

Berhad

U.S.$ 20,000,000
Floating Rate Notes due 1983

For the six months
14th October, 1982 to 14th April, 1983
the Notes will carry an interest rate of 10 $\frac{9}{16}$ % per annum.

Listed on the Luxembourg Stock Exchange

KREDIETBANK
S.A. LUXEMBOURGEOISE
Fiscal Agent

ELDERS IXL LIMITED

NOTICE IS HEREBY GIVEN that a Final Dividend at the rate of 10 per cent on the paid-up Capital of the Company has been declared payable on 10th December 1982. An Interim Dividend of 7 per cent on the bonus enlarged capital was paid on 3rd May 1982.

The Registers of Members and Transfer Books will close at 5.00 p.m. on 26th November 1982 for the purpose of determining entitlements to the Final Dividend.

By Order of the Board
C. E. PARKEN, Secretary

ADELAIDE.
13th October, 1982.

MINERALS AND RESOURCES CORPORATION LIMITED

(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 94

With reference to the notice of declaration of dividend advertised in the press on 5th October, 1982, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 16 cents was declared in United States currency. The dividend on bearer shares will be paid on or after 23rd November, 1662 against surrender of coupon No. 94 detached from share warrants to bearer as under:

(a) at the office of the corporation's continental paying agent
Credit du Nord,
9 & 8 Boulevard Haussmann,
75009 Paris.

(b) at the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in U.S. dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:

(i) in respect of coupons lodged on or prior to 16th November, 1982 at the United Kingdom currency equivalent of the United States currency value of their dividend on 5th November, 1982, or

(ii) in respect of coupons lodged on or after 17th November, 1982, at the then prevailing rate of exchange on the day the proceeds are remitted to the London Bearer Reception Office.

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Financial Times

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

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Strategic doctrine under fire

BY CHRISTOPHER LORENZ

PETER DRUCKER has been demolished before, and the Boston Consulting Group battered, but surely never to the accompaniment of a happy hour pianist's rendering of George Gershwin.

Igor Ansoff has held forth about "business strategy," a concept that he invented, more often than you and I have had hot dinners, but never to the sound of an oompah-band in the room next door.

The organisers of a high-powered conference on "exploring the strategy-making process" in Montreal last week had not planned it that way; the only musical accompaniment they had laid on was when the participants—400 top businessmen and academics from all over the world—were filing in for their hot dinners.

But, as every corporate strategist knows, you have to allow for all sorts of contingencies these days, particularly the sudden explosion of disruptive turbulence in the business environment.

The action-packed conference, held under the auspices of the newly-formed Strategic Management Society, threw up many provocative prescriptions of how companies can improve their chances of survival and success in today's hostile environment. The more heretical included:

● Recognise that strategy need not always be a conscious and precise plan—which is the usual dictionary definition, the one used in military and most business circles, and the concept now being pushed by the entire consultancy profession on both sides of the Atlantic. Instead, strategy can emerge, almost unconsciously, as a pattern from a fits-and-starts stream of entrepreneurial decisions and actions. And in between these two extremes can be all sorts of variations.

Textbooks

This may seem obvious, but it is not what has been taught by the textbooks, nor aspired to by many leading companies. It is the controversial view of Professor Henry Mintzberg of McGill University, whose research into other aspects of how managers actually do their jobs—as opposed to how textbooks say they do—is already helping bring the work of other business academics down to earth.

He and his team drew their conclusions from 10 years of research into a wide range of organisations, including Volkswagen, an asbestos company, a brassiere manufacturer and the U.S. military in Vietnam.

● By the same token, Mintzberg claims that complex planning processes are not always needed, either at corporate headquarters or in the divisions and business units. Nor, he says, is there always much point in a company re-assessing its strategy each year, as part of its annual planning cycle. "It is like asking every year 'Why am I married?'" Instead, Mintzberg stressed the importance of the entrepreneurial ability suddenly to respond to changes in the environment after having followed the same strategy — whether agreed or implicit — for several years.

● The fatuousness of much annual strategic planning was rammed home by Professor Richard Rumelt of the University of California at Los Angeles, one of the most widely-read and influential writers about business strategy. And Rumelt took issue with Harvard's Professor Michael Porter, the business community's most *popular* (and *highly-paid*) academic/consultant of the moment, and another speaker at the conference.

A strategy was appropriate only in certain circumstances, he argued, notably when a firm can gain sustainable competitive advantage over its rivals. "In most industries, *the status of firms is impossible to alter*," he claimed. "As a result, much of the strategic advice that is given is wasted."

Weakness

● For strategic management to be successful, stressed Professor Ansoff in a less deviationist but equally definitive speech, it must not only take account of the well-known planning concepts of portfolio balance and product/market niches, but also the company's internal resources—human as well as physical and financial. "The rear of the firm is as open to weakness as the front," he warned.

● Technology must also be managed actively, said Ansoff. Until very recently, it was taken as a strategic constant and "technology management" just meant harnessing research and development. Now technology had become a critical competitive factor, and must be managed strategically.

Among the many other lessons of the conference were:

● How extraordinarily difficult it can be for a top manager to get even one or two simple new ideas understood, let alone accepted, down the organisation. Thomas J. Peters of Stanford University, a former McKinsey consultant who has studied in depth 62 "excellent companies"—as he calls them—advocated the "management by walking around" approach favoured by the heads of many successful companies. These include Hewlett Packard, Marks & Spencer, and Pepsico, who thereby manage to convey to the "troops" their feeling of excitement about some of the key issues for the organisation—especially quality of products and service. "It's such a contrast with most companies, which are so inward-looking," said Peters. Jargon fetishists dub the approach "MBWA."

● Chief executives must also use simple words and images, Peters emphasised—like the former boss of Dana Corporation, whose first action upon taking office was to burn the company's complex policy manuals in front of his entire senior staff, and substitute a single sheet statement of objectives.

● On the other hand, several speakers warned how easily managers can be misled by over-simplistic concepts, such as Drucker's five "rules" of successful acquisition, and BCG portfolio matrix, with its "cash cows," "dogs" and so forth.

● The danger for companies in *abandoning attempts to* monitor and scan the business environment for "weak signals" of change that will affect their competitive position.

● The need for service organisations to consider differentiating themselves from the competition not just by pricing and promotional activities, but by what could be called "production strategies."

One speaker attacked most of the world's airlines for coping with the current market situation just by cutting services, discounting fares, and stepping up their advertising, rather than by improving the reliability of service, the reliability of information, the distribution of information, the quality of baggage handling, the development of complimentary services, the quality of food, and so on. Such a strategy required much greater managerial competence, he pointed out, and greater departmental co-ordination.

Lord Sieff, chairman of Marks & Spencer, is a master of the art of "MBWA" (managing by walking around). He communicates key policies directly to all levels of management and the shopfloor. Hewlett Packard and Pepsico use the approach to equally devastating effect

Cows, dogs and Drucker: the dangers of spoonfeeding

THE chief executive of one of America's *largest* companies recently told a group of business academics that he was reorgaoising *the corporation with the* help of the famous Boston Consulting Group portfolio matrix. Aoy business or product that did not hold a leading position in the marketplace—a "dog," in BCG parlance—would be sold, he said. There was just ooe exception: the biggest business in his company, and the one which created the ecooomles of scale which enabled the rest of the company to thrive. Yet, according to the portfolio, *this* is the biggest "dog" of the lot.

Such are the dangers of over-simplification. Recalling the iocideot in a paper to the Montreal conference Professor John Seeger of Northeastern University complained at the pejorative use of the canine description. Far from always being dangerously oo their last legs, "dogs cao be waro, loving companions, as well as watchdogs, guard dogs or dogs that take care of the kids."

It is just the same for a company trying to protect its "stars," "cash cows" and "question marks"—the growiog new busioesses that need tender nurturing. Seeger claimed that Clorox's recent lauoch of a new braod of domestic bleach, "Wave." which already has many of the attri*butes of a "dog" business, was* a "spoiler" to keep Procter & Gamble away from the Clorox brand itself, which is the clear market leader.

The danger of BCG's labels is that in themselves they convey simplistic policy prescriptions, according to Seeger. He was aware that BCG's own consultants do *not* use them in a simplistic manner, but the fact remained that large numbers of businessmen did just that, just as they do other buzzwords and concepts. *(BCG's own self-critique of its portfolio matrix* was reported oo this page, and the implications examined, on November 11, 13, 16 and 20, 1981. One inoovation was last year's introduction of a new term, "cash dog," to meet the central complaint, that the group's matrix had suggested that *all* "dogs" were *harmful* to the business as a whole, and should therefore be eliminated.)

Resources

Seeger's criticism of the matrix was not confined to dogs. In the BCG model, a "cash cow" has a large share of a steady market, or a declining one. It should therefore not be invested in, but "milked." This was unfortuoate, said Seeger, since it could waste both humao and physical resources. People with imagination and ideas would leave the business in question, and the physical resources would decline if they were starved of iovestment. "Cash cows can be over-milked," he warned. "If you cloister a dairy cow from the outside world, she'll stop giving you milk."

Instead, agricultural practice was to introduce a bull and "freshen the cow," so it bore calves. With investment "a cow can give calves as well as milk," Seeger insisted. In an ecooomic environment like the preseot, no company could afford to neglect any *good* investment project, even from a cash cow.

As for the "stars"—those businesses with a high market share in a high growth market—the trouble is that judgmeots about market share and especially growth are based on outdated ioformation, Seeger complaioed. Why otherwise did Detroit contioue to invest after 1973 in large cars; why did ooe of the world's largest toy companies put millions into hand-held electronic games, which were booming at the time but were overtaken by even newer technology withio a year?

"No maoagement model can substitute for commoo sense and judgment," Seeger concluded.

Precisely the same criticism was applied by Professors Frank Paine and Daniel Power, of the University of Maryland, to the five "rules of successful acquisition" propounded last year by Peter Drucker, probably the world's most famous management guru. Though each of them has strong support from various studies and surveys, there is also plenty of contradictory data in each case, Paine and Power claimed. Power said there were between 20 and 50 other rules, some of which may be more influential than Drucker's on the performance of mergers and acquisitions.

Common core

Drucker's first "rule" was to think through what cootribution one's firm can make to the acquired company; it has to be more than money. Some studies supported this conclusion, *others did not, said Paine and* Power.

On Drucker's second "rule," that one must search for a company with a "commoo core of unity" *to one's own*—in the way of technology, markets and/or production processes—Paine and Power cited one key study which concluded that the risk in such "conceotric" aquisitions was unusually high. Other studies showed either that the type of acquisition had little effect, or that the takeover of unrelated businesses tends to be more successful than those with a common core of unity.

Rule three was that the acquiring company must respect the products, markets and customers of its new subsidiary; there must be a "temperamental fit." Again, there is much support, but *also substantial* evidence which is either neutral or to the contrary.

Number four argued that, within a year or so, the acquiring company must be able to provide top management for the new subsidiary. Against the supporting evidence, Paine and Power cited studies which conclude that successful acquirers buy companies where existing management is committed to staying on, and can be given considerable autonomy.

Finally, Drucker argued that, within the first year of a merger, it was important that a large number of managers from both companies receive promotion across the former boundaries between the two. Again, there is some supporting evidence, but also data to the contrary, especially in the case of acquisitions which are not related to the parent's existing businesses.

"There are no rules which will invariably lead to success," Paine and Power concluded: "there are various ways to go."

C.L.

هكذا من الأهل

THE ARTS

Cinema/Nigel Andrews

The good, the bad —and the best

Hammett (AA) Lumiere Cinema, St Martin's Lane
The Scarecrow (AA) General Release
Author, Author (A) ABC Shaftesbury, Odeons Swiss Cottage and Kensington
Deathtrap (A) Warner West End
Raggedy Man (AA) Classics Shaftesbury Avenue, Tottenham Court Road and Chelsea
The Weavers—Wasn't That A Time (U) Gate Bloomsbury

Murder in San Francisco, mayhem on Long Island, derring-do in the Dark Ages, teenhood tales in New Zealand. Readers deprived of last week's cinema column will be forgiving if this week's is a helter-skelter thumbnail tour of two weeks' worth of films: a fortnight genially incorporating the good, the bad and the certifiable and leading off with one of the very best movies of the year.

Wim Wenders's *Hammett*, culled from Joe Gorses's novel about tha American thriller writer enjoying a fantasy murder-hunt in San Francisco's Chinatown (in 1928), is a distillation of movie menace from every memorable Hollywood broody thriller ever made. Wenders and Frederic Forrest, a lean and glistening Brando look-alike here greyed up to resemble the eponymous D.H., lead us through the thickets of a luxuriantly tangled plot wherein the hungover Hammett, hung up at his typewriter, is called upon to help a detective friend (Peter Boyle) pursue clues to a murder case. He does so, and stumbles upon blackmail, killing and an exotic cast of molls and mobsters.

Shot entirely amid lushly atmospheric paint-and-canvas sets on soundstages at Francis Coppola's Zoetrope Studios, the film leaps off the printed page of Gore's novel into an abstract movie physically all its own. Wenders's fascination with games of human hide-and-seek and capricious identity—exercised in *The American Friend* and *Alice In The Cities*—finds perfect allegoric form in the poetic mystifications of the *film noir* thriller.

Give or take some blips and bleeps of eccentricity—chiefly Roy Kinnear, who with jolly girth and jellied chuckle is misguidedly wheeled on to impersonate Sydney Greenstreet—*Hammett* is a film where style beats so strongly that it becomes a kind of content.

*

Sam Pillsbury's *The Scarecrow*, from New Zealand, has some of the same crazy-quilt magic. Jagged and colourful images, like animated stained glass, piece out a Faulknerian tale of rural Gothic growing-up and goings-on in small-town NZ.

Chickens are mysteriously stolen or slaughtered. A rapist-killer is loose defiling the town's maidens. (Is it the grandiloquent and grisly tramp played by John Carradine?) And meanwhile the life of the town goes on. "Clair de Lune," picked out by apprentice fingers, tinkles out over a white picket-fence. Boys swing on farm gates idly discussing girls and trains and dreams. And the young hero (Jonathan Smith) gads about the burnished landscape seeking mischief to wreak and evil to avenge. (Will his sister be next to fall to the defiler?)

Someone should have performed the same service for Al Pacino in *Author, Author*. The puckish, pasty-faced superstar looks inert-to-shellshocked in this tale of a Broadway playwright and his two-pronged struggle with a play in production and a family in crisis. Wife Tuesday Weld determines to un-solder herself and run off with a painter. Pacino's young offspring are all to a tot from the '30s-Hollywood mould of child-making, flying the flag of show-stopping precocity with wisecracks and swearwords. And the birth-pangs of Pacino's new play are not rendered less complex by his affair with the storm-tressed blonde leading actress (Dyan Cannon).

Watching this film is like being cornered by a febrile drunk at a party. Its jokes and anecdotes and sentimentalities are hoarsely delivered with a gleam in the eye and a poke in the ribs as if new-minted. But they're to an item dog-eared, *deja vus* and dispiriting. And Mr Pacino, who made a great art out of seeming to do nothing in *The Godfather*, here tries to do everything and falls into his own mannerist acting machinery.

*

Deathtrap also is motored by mannerism. But since Ira Levin's stage thriller, here written for the screen by Jay Presson Allen and directed by Sidney Lumet, claims to be nothing other than a virtuoso *jeu d'esprit*, scored for smart dialogue and black comedy, mannerism makath the movie.

Michael Caine in Deathtrap

Michael Caine is Sidney Bruhl, rich Broadway playwright (yes, another) whose current sequence of critically and commercially nose-diving thrillers distresses both him and his wife Dyan Cannon (yes, once more), who has a dicky heart. Enter Christopher Reeve as Clifford Anderson, ex-student at Caine's drama seminars, whose own new play is greedily coveted by Caine. Will murder out, Reeve be extinguished and the play passed off under Caine's own name?

Ocassionaly the French windows open to whoosh in Irene Worth, mezzo-trilling with Cheshire Cat cheeks as a neighbouring Dutch psychic. But essentially this is a three-hander, and it's soon reduced to a two-hander. More of the plot you could not extract from me, though you try with torture instruments: the story being landmined with highly classified surprises. But the chief surprise of all is Michael Caine. Cast Caine as an SS Poseidon salvage-hunter, or an asbestos-clad bee-pursuer in *The Swarm*, and you wonder how he ever passed a screen test. But plunge him into word-happy comedy (vide *California Suite* and this) and he sizzles like a new-forged sword. Hero as beleaguered Bruhl, firing off incensed aphorisms at all passers, he's a joy.

In Texas 1944, meanwhile, in *Raggedy Man* Sissy Spacek flexes her freckles and twangs her copywright twang as a divorced telephone operator "living over the shop" in the small-town phone company office where she rears two small sons and lends ear to war news. She romances briefly with handsome passing sailor Eric Roberts, does her damn'dest to fend off the noxious forays of two country-bumpkin suitors (William Sanderson and Tracey Walter), and keeps frowning anxiously at the mysterious "raggedy man," disfigured of face and hands, who stares at her from across the street.

This is a short story material (with a "surprise ending") that has been stretched out to a pained and complaining 94 minutes. Director Jack Fisk, alias Mr Spacek, makes the pulse quicken whenever bucolic-Gothic menace looms. Who is the raggedy man (Sam Shepard)? And will the ever-more-obstreperous wooing duo get their way? But between-whiles the film vapidly and anxiously fills in time with the Roberts-Spacek romance, or Miss S's children trouble, like a bricklayer realising he has to much mortar and too few bricks.

In *The Weavers — Wasn't That a Time?* we ask hesitantly: Was it? And why exactly have we been invited to this reunion of folk-singing oldsters from America's 1950s? Said oldsters are the once-feted foursome who gave us "Goodnight Irene," "On Top of Old Smoky," "Wimowe" and other geetah-twanging hits: Pete Seeger, Lee Hays, Ronnie Gilbert (Miss) and Fred Hellerman. And here they recall halcyon days with the help of archive footage and shots of old album-covers, play for friends and us at a picnic and also stage a reunion concert at Carnegie Hall.

If like Ulysses you have wax ear-plugs at hand, best to insert them when the message-from-our sponsor purls forth: that these four were blacklisted in McCarthy times (there surely can't be any more blacklistees left to be ciné-exhumed? They seem to have been coming at ten-a-month for the past two years) and let's sing a few songs about nasty Chile and Fascist dictatorships. (But not, of course, Russia and Communist dictatorships.) Between times, though, the quartet's tonsils ring out loud, clear and melodious.

Helen Mirren and Sorcha Cusack

Antony and Cleopatra/Other Place, Stratford

Michael Coveney

The opening of *Poppy* in the Barbican the other day triggered a lot of hypocritical cant about profligacy and waste at the RSC. But the extravagance in *Poppy* is as nothing to the indulgence of presenting Helen Mirren and Michael Gambon, a coupling of immeasurable box office appeal, in one of the greatest plays over written, for the benefit of a small audience in a Nissen hut. *Hamlet* and *Macbeth* havo also heen done in The Other Place. But theae productions were genuinely experimental, or at the very least devised for the specific conditions and advantages of a studio space.

The first thing to say is that I only engaged with about 30 per cent of Adrian Noble's production. The indefinite black area is bounded by the audience on three sides, but the show is directed at only one of them. The action is aplit on two levels, Egyptian dalliance concentrated downstairs where Cleopatra and the girls disport themselves in striped, clinging muslin dresses cleverly designed by Nadine Baylis.

Upstairs, I could see hardly a thing, and this is where Ceasar and Agrippa launch political objectives, Cleopatra has her tomb and Antony dies. I was badly placed, too, for Cleopatra's death sceoe. Miss Mirren sat in a throne with her hack towards me, leaving me no choice hut to contemplate the unfortunate resemblance of her crown to a frying hasket.

I would have sat in the middle section of the hall had not all the best seats been reserved for RSC staff and minions. I'm glad, in a way, I sat where I did, oo the side. If I had paid £4 for the privilege, though, I would have wanted a re-fund at the end. If Mr Nohle wants to work in a studio, which I suspect anyway he doea not, I suggest he acquires a few basic principles from either Ron Daniels or Trevor Nunn.

There are odd felicitiea. Boh Peck'a Enobarhus is a character who gains immeasurably from close audience contact, although I feel the gruffness of Mr Peck's verse-speaking, for all its excellence, has become too much of a mannerism. When Hercules is said to he abandoning Antooy, "the music under the earth" is provided hy the lovers and their entourage stretched out in slumher after that "one other gaudy night." Theae are neat touches.

The dance of the drunken generals, however, with a somewhat unlikely Bacchic serving boy, is the usual "Zorha the Greek" circular routine. The soldiers' helmets, with floppy ear-flaps, are a mistake. George Fenton's music is not up to his usual standard and hardly justifies the presence of three musicians in the corner.

I woutd tike to see the whole show re-directed and re-designed for next season in the main house. Then we woutd catch tho full force of tho electric partnership hetween Mirren and Gamhon. Their affair is passionate, violent, physical. Although Mirren screams a hit on "The crown o' th' earth doth melt," she is, as far as I could tell, powerful and moving in the final scene.

Gambon's Antony is at the same time a grizzled bear and a man of startling doubts aod contradictions. Impulsive yet curiously melancholic, this Antony is one of the hest I have not seen. There is good strong work, too, from Jonathan Hyde as Caesar and Sorcha Cusack and Josette Simon as the pleasingly exotic attendants on Cleopatra.

The Mikado/Cambridge Theatre

Rosalind Carne

Could it he that the demise of D'Oyly Carte is proving an unexpected boon to the tired spirits of Gilbert and Sullivan? It has certainly opened up tho field and tempted horrid cultural snobs like myself to make up for so many bleak Mikado-less years.

Dim memories of stolid, adenoidal gentlemen were swept aside by this exuberant, gorgeously colourful transfer from the Theatre Royal, Plymouth. Director Chris Hayes allows the characters to make fun of themselves, Michelo Hardy's choreography shows that they know how to shake a leg and Ed Coleman has revamped the score with much resounding brass and percussive clatter. In spite of a near-surfeit of orchestral bravura, the overall sound quality is clear and distinct as is most of the singing.

Sean Kavanagh's design mingles Japonaiserai and Victoriana by means of a central pavillion, ornate gas lamps and a surround of transparent screens. I was a little too aware of the numerous lighting changes and all the solid objects looked rather heavy on this stage. Some of the chorus work felt cramped, for tho cast simply needed more room to jump around. But the numbers are artfully arranged, going from strength to strength from the impressive entrance of a gang of fearless Samurai-type gents in glimmering turquoise, to a show-stopping rendering of "Let The Punishment Fit The Crime" by Nicholas Smith's avuncular Mikado. The schoolgirls are a treat, audacious, flirtatious, hurling themselves into jazzy gyrations midway through a none too demure rendition of "Three Little Girls From School."

Sheila Goodier's delightful Yum-Yum struggles hard to suppress an inconvenient animal lust behind a highly fallible veneer of courtly etiquette. She is primarily a comic actress, hut she knows how to dance and her voice is lively and well-pitched, though she began to sound somewhat strained towards the end. Her co-star Gary Lyons plays a more muted role as a vulnerable, appealing and tastefully camp Nanki-Poo, his minstrel guiso updated to a more contemporary Second Tromhone in the Titipu band.

All this comedy still allows for satire, with distinct references to Mary Whitehouse and Roy Jenkins on the terrible executioner's list. Murray Melvin's faultless diction and firm musical sense makes him a splendid cockney Ko-Ko, and John Hewer's Pooh-Bah is a near rival for laughs, his garish oriental outfit set off by an old school tie.

The production shamelessly ransacks the theatrical storerooms using anything from ballet, tap and the twist to music hall and the martial arts. It occasionally feels cluttered, but it is never messy, and never boring.

Saleroom

Antony Thorncroft

Sotheby's and Christie's hald run-of-the-mill auctions in London yesterday, Sotheby's disposing of silver and Christie's, furniture. At Sotheby's a large salver hy Elkington & Co went for £2,970 and a George III salver hy Crouch & Hannam for £1,980. Silver Is one of the stronger sectors of the art market and only 7 per cent was bought in for a total of £78,559.

At Christie'a Kay, the London dealer, paid £8,840 for a Queen Anne valnut bureau hookcase while Lipitch acquired a Georgian oak dresser for £3,456. At Christie's in New York on Wednesday night a jewels aala totalled £2,474,427, with New York dealers particularly active, suggesting a revival in the fortunes in what was a weak market last season. A single stone diamond ring of 21.86 carats made £152,601 and a diamond necklace with 173 stones realised £133,526.

At Sotheby'a in Chester a typical Sir William Russell Flint painting of nudes sold for £3,300 while "Driving in tho Hounds" by John Emms commanded a higher price, £6,270. "Shipping off the Dutch coast" by tha senior Hulk sold for £4,400.

Mayerling/Covent Garden

Clement Crisp

One of the several distinctions of *Mayerling* as a halletic spectacle lies in its ability to suggest the intensity of despairing emotions and family conflicts which surround the Archduke Rudolf's hell-hent journey to the Hunting Lodge. The lines of the tragedy are marked out by David Wall's blazing impersonation of Rudolf, hut the work's dramatic energy must also come from taut, aympathetic playing by the supporting cast, and hy no less taut stage-management and sympathetic orchestral playing.

At Wednesday night's opening of the Royal Ballet's new season, *Mayerling* and the company were at less than their best. Edges were hlurred; characterisations and steps seemed at moments unclear; lighting and orchestral sonorities were uninspired. And as a result the action movod by fits and starts, never acquiring that neurotic momentum which shows us how Rudolf and a whole way of lifa career out of control to their doom.

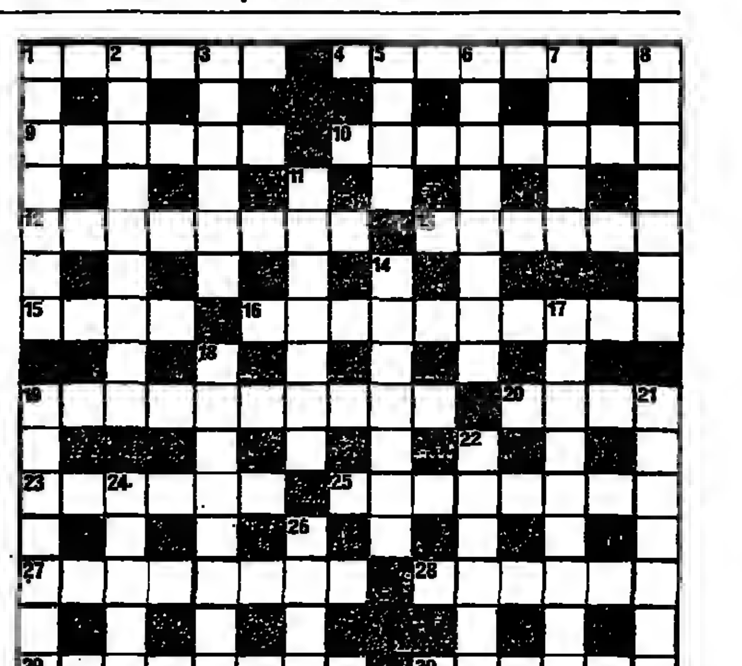
At the heart of tragody David Wall offered a portrait etched hy Rudolf's sufferings and his unshed tears. He ahows us a man whose temperament is marked by lightning switches of feeling, hectic unhappineas succeeded by hectic lust, the cbaracter given vivid dynamic expression by such "signature" movements as pirouettes which end with a hand outstretched in supplication, and by those moments when, hands pressed to his head, he aeems to try to contain his hursting, seething thoughts. It would be unfair to Mr Wall's earlier performances to suggest that he was at his technically most assured on this occasion: like the rest of the ensemble, I imagine, he has yet to run himself in to performance after the aummer hreak.

The women in Rudolf's life receive strong committed interpretation. Merle Park's Larisch remains a portrayal of extreme suhtlety, wherein conflicting atrains of opportunism, manipulation of events, passion and the only genuine sympathy that Rudolf has ever known, are admirahly interwoven. Wendy Ellis, that precise and valuable artist, is heart-touching as the hride Stephanie when Rudolf maltreats her, and she retains a dignity and a gentle sweetness of manner which have an authentic air of goodness amid the moral uncertainties that surround her. Monica Mason, afire when berating Larisch, and frozen in her incomprehension of Rudolf'a suffering, is a fine Elizabeth, and Lesley Collier catches the sexual and emotional boldness of Mary Vetsera with entire rightness. Increasingly I find the little scene in the Vetsera household, when Larisch tells the cards and the die is cast for future events, one of the most extraordinary moments in this extraordinary ballet. It is little more than mime *recitativo*—it culminates in one true daoce number, which Is Mary's little solo of girtish delight at the outcome of the fortune-telling—but it is played with such stylish hravura hy Merle Park, and with such easy naturalism by Lesley Collier and Gerd Larsen, that it now aeems as exciting as any of the more tempestuous and haunted passages in the work. On Wednesday its precision and sharpness of utterance set a standard of conviction rarely matched in the rest of the evening.

Tippett to conduct his concerto

Sih Michael Tippett will conduct the BBC Symphony Orchestra in his own triple concerto on Novemher 19 at tho Royal Festival Hall in place of Gennadi Rozhdestvensky, the Russian conductor.

F.T. CROSSWORD PUZZLE No. 4,999



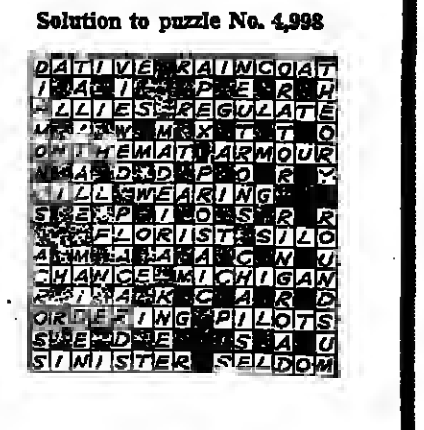
ACROSS

1 Period of foreign leader of the insurrection (6)
4 He may charge 2 (8)
9 Counsellor in Government organisation (6)
10 Give the earth to wear aomething specially designed (8)
12 Enter race perhaps with no energy is far from brave (8)
13 For one hetrothed, money affairs lose point (6)
15 Neat window-dressing in America (4)
16 After a certain age, it may slow you down (5-5)
19 They first got a piece cooked for a meal (7-3)
20 Scottish Holy Land (4)
23 General manner providing scope (6)
25 West Indian exaggerated? (8)
27 U.S. capital accepts a huntress (8)
28 It's no use—sleep topless (6)
29 Sporting occasion with you sounding a novice to reach final (8)
30 With direction femala remains calm (6)

DOWN

1 Fault returning in the entire medical profession (7)
2 Could ho private study of text (9)
3 Many a senior scont of old working on the farm (6)
5 Some clear notions needed to make a living (4)
6 Making bloomers—pleased to ha on the 10.51 (8)
7 A right to come from overseas (5)
8 Go off at this to diverge (7)
11 Flint worker, asleep we hear (7)
14 Discover a gem through one little girl (7)
17 Such as Daniel Dancer, skilful hut unhappy (9)
18 And tho wild — leaps in glory (Tennyson) (8)
19 Pass student a note to compare (7)
21 Writo on tho hack tip for Cockney nag (7)
22 Book often turned up whilo watching a programme (6)
24 Tell there is no head of royalty to cheer (5)
26 Benedict for example starting oration on a porch (4)

Solution to puzzle No. 4,998



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Friday October 15 1982

Militant stirrings

EVER SINCE it became evident that recession was imposing its own rough-handed but effective form of wage restraint, an uneasy question has hovered at the back of forecasters' minds: is this a change in bargaining psychology, or simply a passing phase?

The question is not just a matter for forecasters, but is of the greatest political importance. The whole Government strategy of attacking inflation as a prelude to recovery depends on the notion that recovery will not of itself restart the cycle of wage-cost inflation. If this hope is unjustified, then the Alliance's stress on a workable incomes policy, is not, as some critics put it, the "promise of a better yesterday," but an economic necessity and Labour's lack of such a policy a grave weakness.

Relevant

This question is beginning to look relevant again because there are some signs—and not only in this country—that old bargaining habits are trying to reassert themselves.

The water workers strike on Monday, and the workers at Vauxhall have rejected a wage offer significantly above the current going rate. The miners are to be balloted; the railway workers, although they have accepted their 6 per cent arbitration award, have thrown out a moderate and able leader; and the steel workers, after their disastrous initial defeat, are talking of resisting the latest closures and cutbacks. In the U.S. meanwhile, unions which had previously agreed to re-open old contracts and accept wage cuts are now banding together to resist them.

Developments

These developments are certainly a warning against over-confident claims that there is now a new psychology at the bargaining table; we may ourselves on occasion have been guilty of taking the wish for the achievement. However, they certainly do not, at this stage, prove the contrary. They call for careful analysis rather than easy generalisations.

Such analysis suggests that apart from local peculiarities—the rather shifty breach of the rules which cost Mr Sid Weighell his job, the long background history of the water dispute, the rapid relative decline in UK motor industry wages—there are at least two threads tangled here. If there is any general disillusion, it is with the idea that wage restraint can save jobs in industries in deep cyclical trouble — the steel industry in this country, for example, or the tyre industry in the U.S. If jobs cannot be saved, relativities can at least be defended.

What would be much more worrying, were it true, would be evidence that the unions were only awaiting recovery to reassert their traditional squeeze on profits. Those most exposed to trade union rhetoric tend to believe this, and there is little doubt that it is the strategy union leaders would prefer.

Here the Vauxhall dispute, following so closely on a sharp gain in activity and market share by this British arm of General Motors, is potentially most disturbing. Here again there are other strands, notably protectionist resentment against the company's plans to import its smallest model from Spain, and a verdict would be premature; but it is not an encouraging example.

Disturbing

However, it is so far an isolated example and that is worth remembering. If realism is to take root it must be the result not of transitory fear, but of positive experience that rational settlements work better. This is the real long-term promise implied by recent gains in productivity, which would otherwise simply be a euphemism for labour shedding.

Workers who have allowed management to introduce new and better methods have benefited. The statistics for earnings, now well ahead of retail prices, show this; and the ballot in the coal industry, where the miners have earned large productivity bonuses, may soon confirm the worst fears of the militants, who always opposed the bonuses. On balance, we remain hopeful.

Bonn's legal dilemma

THE POLICY statement made to the Bundestag this week by the new German Chancellor, Dr Helmut Kohl, contains few surprises and is none the worse for that.

Foreign policy is to remain largely unchanged. Bonn sticks to Nato's twin-track decision to talk to Moscow about limiting the new intermediate range nuclear weapons, but to deploy them if no agreement is reached. Dr Kohl made an explicit commitment to the *modus vivendi* with Eastern Europe reached under his two immediate predecessors.

His economic proposals include a limited make-work programme, fiscal incentives to medium-sized industry and to strengthening the capital base of German industry at large; and some inroads into a welfare system that has made the federal budget increasingly unmanageable.

All this still needs fleshing out and, above all, time. Dr Kohl himself admits that it will take years to get an exploding budget deficit under control. The interesting question is whether that time will be granted to him and to his coalition of Christian Democrats (in close alliance with Herr Franz-Josef Strauss's Christian Social Union in Bavaria) and the Free Democrats.

Conference

Under present plans there are two hurdles to cross. The Free Democrats will meet in what is bound to be an acrimonious party conference on November 5; and general elections are proposed for March 6 next.

The Free Democrats are deeply divided about the decision of their leader, Herr Hans-Dieter Genscher, to desert the previous coalition with Herr Helmut Schmidt and the Social Democrats. Some have even threatened to defect, though probably not in sufficient numbers to threaten the majority of 21 with which the Bundestag made Dr Kohl Chancellor.

A complete about-turn can probably be excluded: it would re-inforce the turncoat image which did the party a great deal of damage in two recent regional elections. As a party the Free Democrats must hope to wash away that image before the general election. Otherwise they would risk annihilation under a clause of the electoral law which denies seats to parties that do not garner at least 5 per cent of the vote.

The road to new elections is strewn with constitutional booby traps. Dr Kohl must ask the Bundestag for a vote of confidence and lose it before he may ask President Karl Carstens for a dissolution. That safeguard was written into the constitution because the death of the Weimar Republic was preceded by a depressingly rapid succession of general elections.

Majority

For Dr Kohl to lose, some of his supporters would have to abstain—a machination tried once before, in 1972, when Herr Willy Brandt, the Chancellor, found his majority melting away. Then, as now, it is not a device to appeal to constitutional purists. On moral grounds it can be justified as a means to give political legitimacy to the new coalition because the Free Democrats, in the last election undertook to stay with Herr Schmidt.

Questionable though such a stratagem would be, it is probably preferable to a proposal to change the constitution by two-thirds majority in both Houses to permit the Bundestag to dissolve itself by a majority vote of its own members. Not that the idea is necessarily wrong. But a dangerous precedent could be set by tampering with the constitution to meet a passing political problem.

Either way, the election is likely to come about since the Social Democrats have signalled their readiness to co-operate. That reinforces the moral case for elections. The political consequences remain to be seen.

Difficult

Going by an Emnid poll taken after the fall of Herr Schmidt, the Christian Democrats would finish neck-and-neck with the combined forces of the Social Democrats and the amorphous group of Greens. Should that combination come out on top decisive government would become difficult or impossible.

But the Greens have yet to show that they can repeat their local successes at national level, and the Free Democrats may recover from their turncoat image. More important, all the evidence shows that the consensus at the middle has not been broken among the electors by recession or political turmoil. The ghost of Weimar is far from walling again.

INTERNATIONAL BANKING

The illusions are stripped away

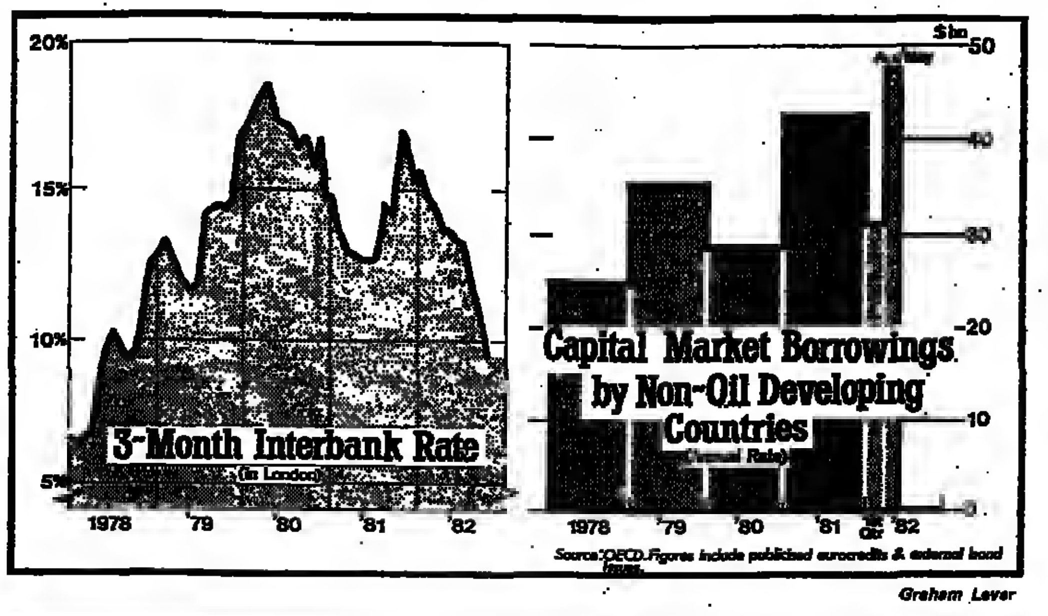
By Nicholas Colchester and Peter Montagnon

JUST AS autumn 1982 has seen a turning point in the U.S. monetarist campaign against inflation, so too it has seen something of a watershed in the development of international banking. In neither case did the change occur at a clear cut moment, but for the banks the Mexican debt crisis and International Monetary Fund annual meeting in September will probably be remembered as key events in their evolution.

Before the watershed there was the decade of petro-dollar recycling and the appeal of oil wealth. There was a syndicated loan market of 1,000 and more banks all floating upon an unruffled sea of Eurodollar deposits. There were continuing pleas for prudence in banking and for self-restraint. There was the IMF's insistence upon economic adjustment.

After the watershed there was an awareness that disaster had only just been avoided. The world's leading banks saw that *sauve qui peut* was no longer an option—that only solidarity in lending would avert collapse. Regulators saw that flexibility was vital. Government, the Bank for International Settlements and IMF saw that the official flows of finance had to be stepped up. Lending with no illusions was needed to support earlier loans that had been full of them. Everybody realised the need for a Great Fudge.

Mexico's liquidity crises has made it clear that to continue lending to the heavily indebted countries of the world is the only available course. Inflation will no longer take care of their debts. Recession, while it lasts, will ensure that they cannot service them because commodity export prices are now one-third lower in dollar terms than at the end of 1980. Nor is there any chance of writing off large parts of those debts. Just five acutely indebted developing countries have debts of $215bn. This exposure alone compares with the $40bn of equity capital of the 30 largest U.S. banks and the $120bn of capital of the 100 largest banks outside the U.S.



Graham Lever

DEBT FIGURES FOR KEY BORROWERS

	Total debt* $bn	Borrowing from banks at end 1981 $bn†	Debt service in 1982‡ as % of export of goods and services: total	interest	principal
Mexico	80	56.9	129	37	92
Brazil	75	52.7	122	45	77
Argentina	37	24.8	179	44	135
South Korea	32.5	19.9	53	11	43
Venezuela	18.5	26.2	95	14	81
Yugoslavia	18	10.7	46	14	32
Philippines	15	10.2	91	18	74
Chile	15	10.5	116	40	76
Ecuador	6.6	4.5	122	30	92

* Latest available official estimates where available, otherwise bankers estimates. † Source: Bank for International Settlements.
‡ Source: Morgan Guaranty

Everybody realised the need for a Great Fudge

This stripping away of illusions has had a cathartic effect on the banking business. Since the Mexican crisis conditions in the interbank market have steadily improved. Bankers talk about a strange—or perhaps not-so-strange—new juxtaposition of risk and profit. The risk premium is re-appearing in lending terms. There is money to be made in the interbank market. And the whole outlook is greatly brightened by the fall in interest rates. This has created euphoria in the securities business and it also offers the prospect of at least half a cure to the debt problem.

Superficially the banking business now has a post-Herstatt feel to it. The closure of the Herstatt bank in 1975 was the last event that dealt a blow to the syndicated loan market and introduced "tiering" into the interbank deposit market. After Herstatt there was relief that the precocious Euro-banking system had survived the sudden shock. Yet Herstatt only threatened the liquidity of the young market. Today's threat is more worrying and will prove more tenacious. The dubious worth of a huge quantity of bank assets brings the solvency—and not merely the liquidity—of banks into question. The ultimate verdict on them depends critically upon the outlook for the whole world economy.

Will the Great Fudge work? The first problem is the point of departure. The five countries mentioned earlier are in dire straits—their mortgage payments, to put it crudely, exceed their monthly incomes. Argentina's debt service payments in 1982 should be 179 per cent of its exports of goods and services: Mexico's 129 per cent, Ecuador's and Brazil's 122 per cent and Chile's 116 per cent. The table above, based on Morgan Guaranty's World Financial Markets, spells out the worst cases in detail.

Even if the major western banks step up their pace of lending it is hard to see how a contraction in the flow of credit to developing countries can be avoided. Bankers all agree that the number of banks participating in the loan market has contracted violently — though they find it hard to quantify the extent. Lead managers now find it much harder to pass on to other banks a proportion of any loan that is not to a high grade borrower.

Japanese banks and regional banks in the U.S. have clearly got cold feet about international lending. The regional banks, with little international expertise, tended to follow the lead of the big U.S. money centre banks. Frightened by the Mexican crisis, their enthusiasm has evaporated. The Japanese banks which have about $10bn in loans to Mexico outstanding, and which had previously paid among the most expensive rates for funds in the interbank market, plan to cut their involvement in the dollar loan market by 10 to 15 per cent in the next six months.

This contraction in the loan market has been reinforced by increased selectivity and discrimination in the interbank market for Eurodollar deposits. In calmer times there was always a pecking order in this market with a range of about ¼ per cent in the interest rates different banks would have to offer to attract funds. But an essentially riskless atmosphere pervaded which enabled smaller banks to fund their participation in syndicated loans without paying unsustainable premia.

During the build up to Mexico this pecking order was shaken up. For a time some smaller banks complained that they could not attract the three month deposits needed to finance loans and had to make do with one month money. There were clear signs that banks were tightening up on the limits of their exposure to certain other banks.

The market is calmer now and the tone is improving with the fall in interest rates: indeed the interbank market has survived the Mexico episode in striking fashion. Yet the selectivity remains, overlaid with fashionable suspicions—Continental Illinois is a current example of a large U.S. bank suffering from an exaggerated loss of status.

The effect is impossible to quantify in terms of deposit rates. But some idea of the new pecking order of banks is given by a Salomon Brothers analysis of the market prices of Floating Rate Notes issued by banks. At the end of September notes issued by U.S. banks were yielding an average of ¼ per cent more than those issued by British banks.

Banks are also suffering from a general loss of status relative to potential customers. Industrial companies of high standing can obtain short-and long-term money from the markets more cheaply than their bankers. At this moment IBM could probably issue a fixed-rate Eurobond with a yield 1½ per cent less than a large U.S. bank.

This discrimination in the securities markets touches upon the thorny question of capital. The rules of the banking game are changing, with a persistent shift towards a thinner backing of capital for a given quantity of assets—most noticeably in France and West Germany. There is also a shift towards subordinate loans as *ersatz* form of capital. But Morgan Guaranty still has a point when it observes that the lending of U.S. banks to the less developed world has risen at 17 per cent per annum for the last three years while their capital has grown at a rate of 10 per cent. This divergence cannot be sustained.

It is very painful for large U.S. banks to raise equity capital when their shares are trading on Wall Street at around 60 per cent of their net worth.

If these are the main problems for the Great Fudge, there are factors in its favour. The transparency of the problem makes it easier to overcome. Herstatt — and more recently the Drysdale affair — were bolts from the blue. The looming debt problems of countries and corporations have been mulled over by central banks, bank economists and Jeremiah journalists for months in advance. Already in April Amex Bank drew attention to the problem of short-term debt which was ultimately to drive Mexico into a financial cul-de-sac.

The banking supervisors are clearly going to adopt a more flexible regulatory stance until the most painful effects of the mixture of debt and deflation have abated. They will attempt to steer a tricky course between safety and severity. An example is the question of provisions for doubtful debts. Widespread, but unconfirmed, rumours in the banking market suggests that the U.S. bank supervisors may insist on mandatory write-offs of loans by U.S. banks to Zaire, which total a very manageable $200m. But they will not ask banks to alter the status in their balance sheets of their very much larger debts to the Mexican public sector.

The IMF too appears to be ready to lend with fewer inhibitions than it felt six months ago. The Fund is budgeting for loans to Mexico, South Africa and Argentina of around SDR 3.6bn, SDR 1bn and SDR 1.5bn respectively. It is already actively considering raising new funds by borrowing from members because it expects to have committed its existing resources by next spring. Earlier this year, under the eye of a hard-line U.S. administration, the Fund was saying that the world's debt problem was beyond its brief. The Mexican crisis, with its proximity to and impact upon the U.S., has concentrated minds in Washington.

Equally bankers say that the attitude of major debtors has been improved since the watershed. There are fewer illusions about the quantities and prices that the banks can stand. Brazil, for instance, will try to cut its balance of payments deficit to between $8bn and $9bn in 1983 from $13bn in 1982. It will do this by further cuts in imports, and a halving to 2.5 per cent of GNP of the government sector deficit.

Last and most crucial is the continued fall in U.S. interest rates following Paul Volcker's conversion. The Morgan table of heavy debtors assumes a Eurodollar rate of 14 per cent in 1982. Every percentage point below that—and the London Inter-Bank Offered Rate is already down to 10½ per cent—saves those countries about $2bn in interest. It is true that repayments of principal outweight interest payments in their servicing commitments. But interest is the key: as long as banks are getting interest and a reasonable spread everything else can be arranged.

If interest rates rise again the Great Fudge will become unsustainable. There will then be an urgent need for a world wide initiative to refinance bank debt with officially guaranteed finance.

Repudiation cannot be ignored as a threat to the Great Fudge. There is a long history of countries walking away from bondholders: why should they not walk away from banks? Superficially it might seem a magical way for a debtor to improve his balance of payments. There are two reasons why it has not appealed so far—to Poland or Argentina for instance. First, bankers are able to be more flexible than bondholders: they will absorb a striking amount of maltreatment. Second, banking is woven inseparably into the fabric of trade, travel and communications—a state of banking siege would be a state of total economic siege. Repudiation remains a very black, but rather distant cloud.

Repudiation remains a black but distant cloud

Even if the Great Fudge holds—and there is plenty of scope for sudden disaster along the way—the banking business will have undergone permanent change. The changes will include a further downward lurch in prudential standards and a greater implicit reliance upon government guarantees; possible cases of bank nationalisation or state participation; a legacy of equity holdings in troubled industries or in industries of indebted countries; and hundreds of billions of dollars of assets in the developing world which will never be unwound, which have been lent on a "going concern basis." It is the story of banking, and of economic growth, that what seemed unthinkable yesterday will appear inevitable tomorrow.

Men & Matters

Printing press

Whatever other wonders they may yet perform, the Social Democrats and their allies should be well satisfied with their impact on the publishing industry.

Apart from all the books written by Social Democrats about themselves and the columns of newsprint engendered by the political phenomenon, the movement is now served by no less than three news magazines.

The party's official fortnightly, *The Social Democrat*, with 7,500 subscribers shortly expects to get the ultimate seal of good taste by being sold from W. H. Smith's station bookstall.

"It might just be hyperbole, I suppose," says editor Roger Carroll, "but they said they think it's even better than the Financial Times."

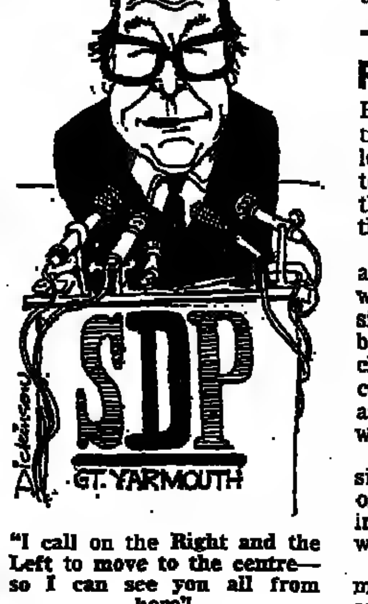
Then there is *Alliance*, the magazine edited by the Liberals' former economic adviser Christopher Layton, semi-official but devoted to the combined cause.

And from yesterday, there is *The Democrat*, a glossy, independant fortnightly with ambitions beyond the basic claret-sippers to which one of its first advertisements is prominently addressed.

Publishers Greg Thain, restaurant owner Michael Golder and eight friends have put up £100,000 for the venture which the Department of Trade has backed with a £75,000 loan guarantee.

Editor Dan Gillon says the magazine will not be overtly party political. "We represent neither the Left nor the Right, nor are we seeking to be in the centre," he says, succinctly defining the SDP's position.

The first issue thus commends the SDP's plans for an incomes policy; allows Tory MP Chris Patten to wonder "Are There Any Tories Left?"; and lets Liberal leader David Steel, pictured in the back seat of a car, reflect that his age and lack of government experience may give him more electoral appeal than Roy Jenkins.



"I call on the Right and the Left to move to the centre—so I can see you all from here"

Road signs

Heartening (isn't it?) to hear that, in the United States at least, politicians are beginning to read the economic runes themselves instead of relying on the professional soothsayers.

While economists were arguing some time back about whether the economy was still sinking or showing signs of buoyancy, the Democratic chairman of the House budget committee, James Jones, flatly asserted that he knew things were getting worse.

How did he know? Quite simple, said Jones, the number of new telephones being installed throughout the country was well below the usual level.

Now the Republican chairman of the Senate budget committee, Pete Domenici, has told the Public Securities Association that, without a doubt, economic recovery and an era of steady growth is just around the corner.

Domenici does not rely on the promise of falling interest rates. What has convinced him, apparently, is the number of people suddenly buying new trucks.

Everyone had been too preoccupied with the dreary figures for car sales to notice the surge in truck sales, he said. It could only mean the road to recovery was opening.

Running in

Reporters wanting to interview Sweden's new Finance Minister, Kjell-Olof Feldt, have to apply to his wife. For Mrs Feldt, or Ms Birgitta von Otter as she is better known, has been appointed information officer at the Finance Ministry.

As part of her dual role, Ms von Otter clearly regards it as important to keep the Minister fit. Feldt, who is 51, arrived at his office yesterday before 9 am, fresh from a six-kilometre run with his information officer. He had been able to do only two kilometres before he started jogging, he said.

He still has a long way to go to catch up with his wife. Ms von Otter, 43, has twice run the Stockholm Marathon and this year completed the London Marathon in 4 hours 12 minutes — a time which, she says, was not good enough.

Liquid asset

The sign says "No standing on tabletops. No throwing of beer. If you do you will be asked to leave." You might be forgiven for thinking you have intruded upon a Rugby Football club hot pot supper, or even a gala evening of one of the more obscure Oxford University undergraduate societies.

In fact, my man in Canada finds himself visiting the twin towns of Kitchener and Waterloo where the warlike association of the two names helps set the tone for the world's second-largest beer festival—the nine-day Oktoberfest.

By the end of this week some 600,000 visitors will have brought in a revenue to the cities of C$17m while swilling an average of 2½ litres of beer each per day.

The party is reported to involve "a certain amount of largely good-natured rowdyism."

In all matters pertaining to beer Bavaria is the acknowledged leader, of course, and Munich is the world's biggest beer festival.

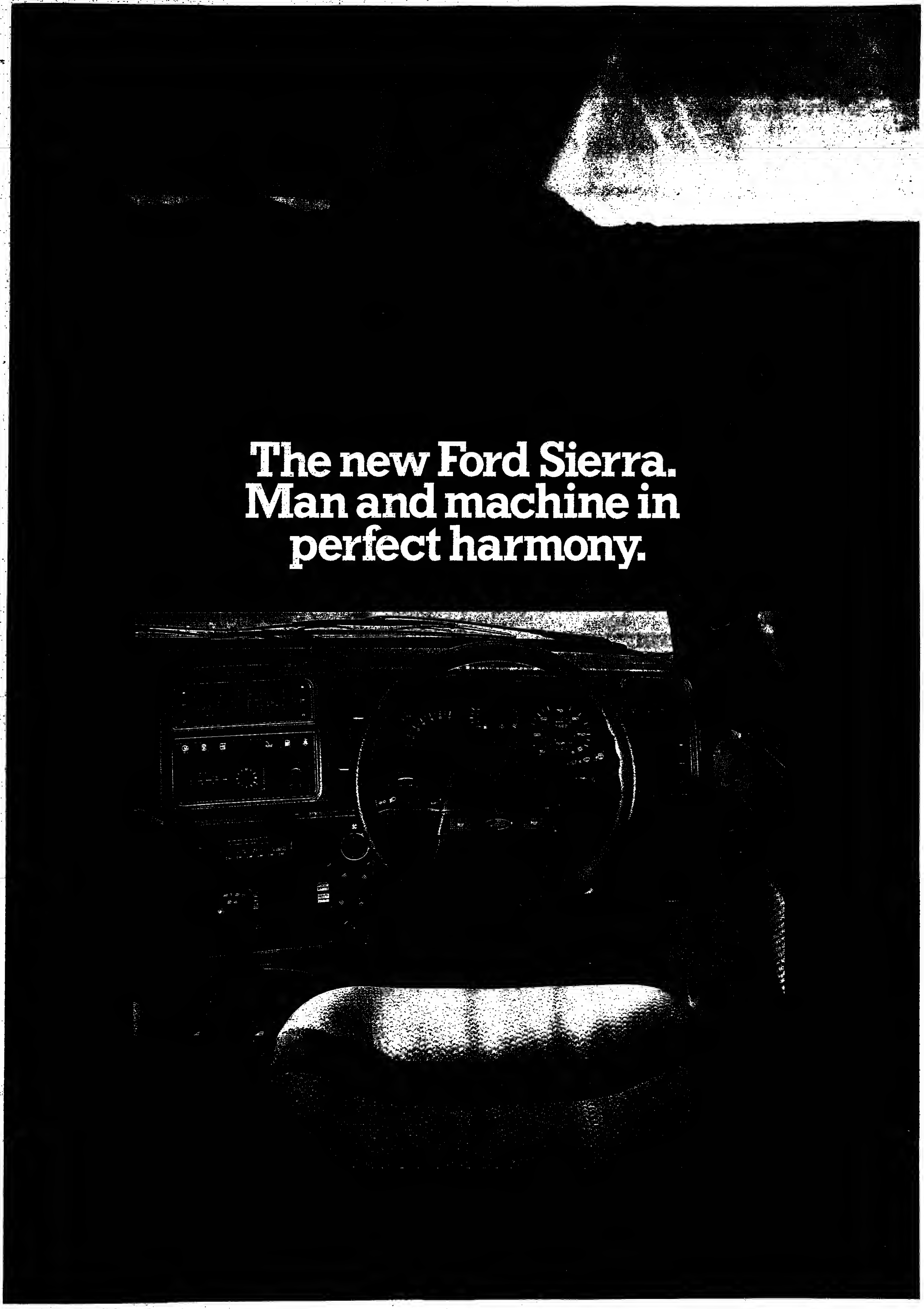
But Canadians of German descant are now running it a close second. Oktoberfest in Kitchener and Waterloo was revived only 14 years ago by the local chamber of commerce with a budget of C$250. This year the organisers will spend C$1m.

The event fits nicely into the Trudean government policy of promoting multi-culturalism. Some 65 per cent of the local population is of German extraction. Until 1916 Kitchener was known as Berlin. The first World War brought a name change and the replacement of a statue of Kaiser Wilhelm with one of Queen Victoria.

As the Canadians stand on the benches and sing to an oompah-pah band they may be encouraged that there is sound business underlying all the fun.

Molson Breweries, a Canadian company, has won itself a place in the big league of sellers of beer to the United States. It is now the second largest exporter into that market behind Heineken.

Observer


The new Ford Sierra.
Man and machine in
perfect harmony.

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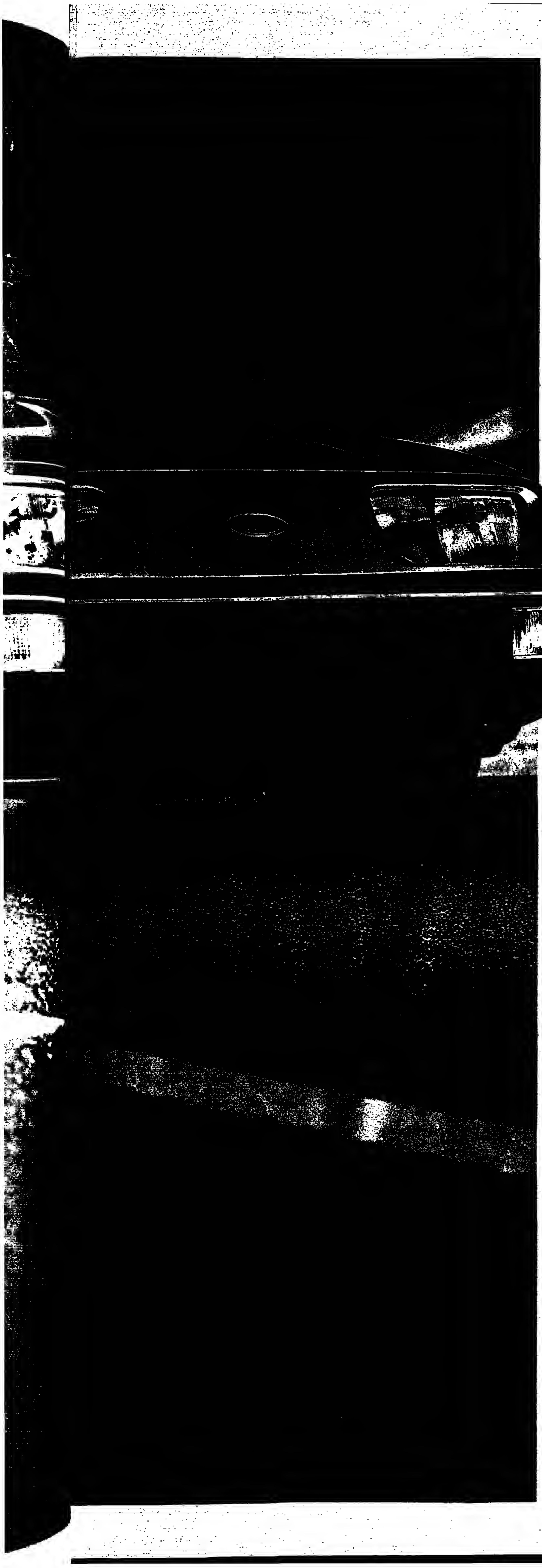


Sierra is a dynamically engineered driver's car.

This is Sierra, the car that replaces the Ford Cortina.

It uses less fuel than the Cortina, needs less service, has more space, a hatchback and a bigger boot.

But Sierra is more than just another efficient family car.

It's a dynamically engineered driver's car – taut, beautifully balanced and instantly responsive.

It has one of the most aerodynamic bodies of any five-seater that has ever gone into production.

The dashboard is designed around the driver.

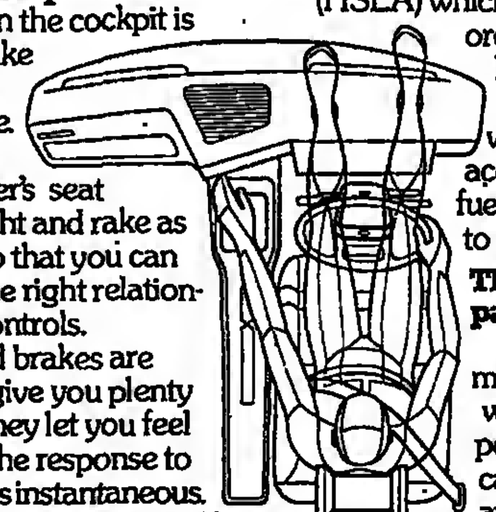
Sierra has a sophisticated new all-independent suspension system that reconciles sporting handling with a smooth supple ride.

And the 2.3 litre 5-speed version does 118 mph.*

If you enjoy driving, Sierra will be your kind of car. As you'll see from the Ghia featured in this advertisement.

The man machine relationship.

Everything in the cockpit is designed to make you feel at one with the machine.



The Ghia's contoured driver's seat adjusts for height and rake as well as reach so that you can establish just the right relationship with the controls.

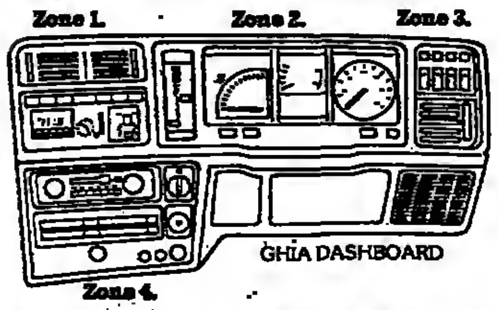
Steering and brakes are engineered to give you plenty of 'feedback.' They let you feel the road. And the response to the accelerator is instantaneous. 2.3 litre 5-speed models do 0-60 mph in 10 seconds.*

The effect is to make you feel almost like part of the car; man and machine in perfect harmony.

The dashboard: information at a glance.

The dashboard is angled towards the driver so that all the instruments face you and the controls fall naturally to hand.

The instruments are divided into zones according to their function.



Zone 1 houses the warning systems. Oil, water, washer bottle, fuel and brake pads are checked automatically as soon as you switch on the ignition, so you don't need to get your hands dirty.

There's a new graphic display which warns you of partly shut doors, bulb failures, and even tells you if black ice is likely.

There's also a multi-function clock which gives you date, time and elapsed time. Or, alternatively, a trip computer is optional.

Zone 2 is reserved for active driving information – speed, revs, fuel level and water temperature.

Zone 3 has switches for the heated rear window, front and rear fog lights and the optional rear wash/wipe.

Zone 4 contains the 4-speaker radio/stereo cassette player and cassette storage drawers. And a cigar lighter.

While, overhead, there's a console which houses a pair of swivelling map lights and the sun roof control.

Tall passengers please note.

Overall, Sierra is just 1.8 inches longer than the Cortina. It has more headroom and more leg room. And the contoured back seats are just as comfortable as the front.

In the GL and Ghia the back seats have folding centre-armrests. Ghias have rear seat headrests, too.

Direct glazing: another innovation.

Instead of being held in place by rubber seals, Sierra's laminated windscreen and its rear windows are bonded to the body. This process, known as direct glazing, results in a smoother fit. It cuts wind noise and reduces drag.

The body: lighter but stronger.

These days a car doesn't have to be 'built like a tank' to be durable.

Many components are made of the latest lightweight materials like High Strength Low Alloy Steel (HSLA) which is as strong as ordinary steel but 10% lighter.

The benefits of light weight are brisker acceleration and better fuel economy, so it pays to shed pounds.

The bumpers: they're parking proof.

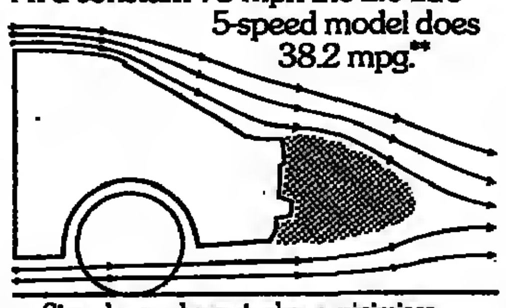
Sierra's bumpers are made from another lightweight material – a polycarbonate. They can withstand collisions at 3 mph without damage. As you can see, they're blended into the body so as not to disturb the airflow.

Aerodynamics: save fuel at 70 mph.

Sierra's shape is closely related to the stunning Probe 111 prototype design study which was first revealed in 1981. Sierra is one of the most aerodynamic five-seaters that has ever gone into production.

Its average drag coefficient is 0.34 – 24% better than Cortina's. Even the wheel covers are designed to reduce turbulence.

The effect on fuel consumption is most noticeable at motorway speeds. At a constant 75 mph the 2.0 litre 5-speed model does 38.2 mpg.**



Sierra's aerodynamic shape minimises drag. Airflow keeps back window clean.

Rear wheel drive: better on balance.

For reasons of space, most small cars, our own included, have front wheel drive. But in a car as big as Sierra this advantage is outweighed by other considerations.

Rear wheel drive gives well balanced handling because the weight of the car is distributed equally over the front and back wheels.

It's also easier to service, better able to transmit the power of the big engined variants and, incidentally, gives better traction when towing.

The ventilation system: warm feet, cool head.

You can adjust the ventilation system, (our designers call it a Modular Climate Control System) to supply hot air to your feet and cooler air to your face so that it doesn't make you drowsy.

If you want to see how effective the system is, just light a cigar. In 18 seconds it can extract all the smoke from the car and give you nice fresh air instead.

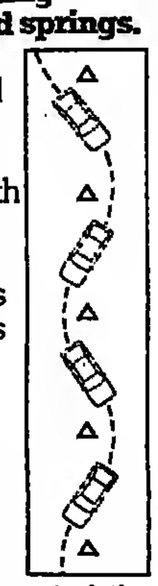
Equipment: no gimmicks, everything is functional.

The Ghia is very well equipped. Both front seats have adjustable lumbar supports. Door mirrors are electrically controlled. Electric front windows and power radio aerial are standard.

The Ghia also has central locking. And a glass sunroof, which tilts or slides and has a sliding sun blind.

Everything is designed to add to the ease and pleasure of driving.

The suspension: sporting handling without hard springs.



Sierra is an agile car. It corners quickly and accurately with hardly any body roll. And it takes rough surfaces with uncanny smoothness.

Even when the car is heavily laden, it still feels light and positive. This is because it has a supple new all-independent suspension system with McPherson struts at the front, and semi-trailing arms at the rear. The system has built-in roll-stiffness and anti-dive characteristics so it doesn't need hard springs.

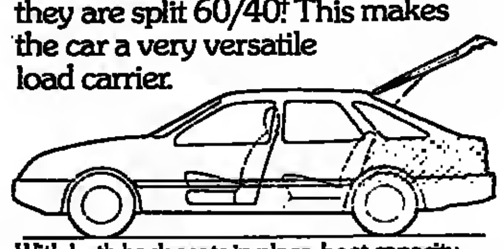
It strikes just the right balance between sporting handling and a comfortable ride – a compromise which less sophisticated systems seldom achieve.

It's yet another reason why Sierra is such an enjoyable driver's car.

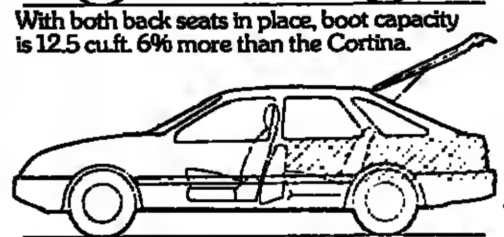
The hatchback: spacious and versatile.

Sierra is a hatchback. But, from the inside, you'd never know it. Because the boot is sealed off by a thick, hinged parcel shelf.

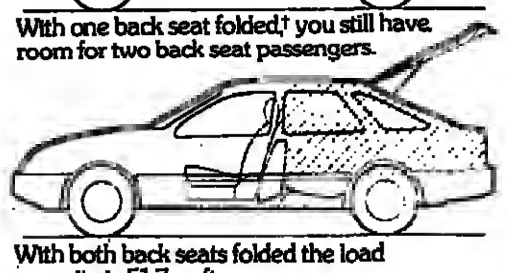
Like most hatchbacks, Sierra has folding back seats. But unlike most they are split 60/40.† This makes the car a very versatile load carrier.



With both back seats in place, boot capacity is 12.5 cu.ft. 6% more than the Cortina.



With one back seat folded,† you still have room for two back seat passengers.



With both back seats folded the load capacity is 51.7 cu.ft.

If, by any chance, the Sierra hatchback isn't big enough for you, don't give up.

There's always the Sierra Estate. It has a load capacity of 69 cu.ft.

But that's another story.

*Ford computed figures. **Government fuel test figures overleaf. †Except base model.

Car illustrated is a 2.3 Ghia with 5-speed manual transmission and optional metallic paint.

Engines: evolutionary development.
Outwardly, Sierra engines look similar to the Cortina engines from which they were developed.

However, at Ford, research and development continue around the clock. So as you'd expect, a number of evolutionary improvements have been made.

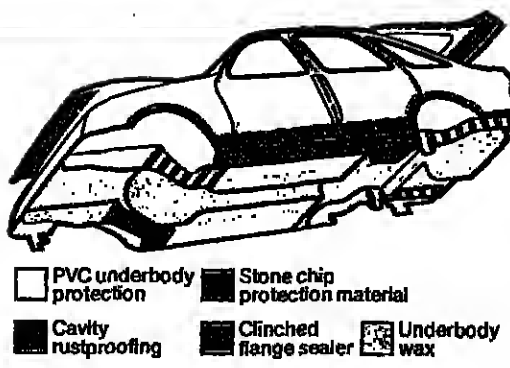
The result is a range of engines of proven reliability, which are not only more powerful, but also more economical than before. And which require less maintenance.

There's a 2.3 litre V6 and a range of 4-cylinder OHC units of 2.0, 1.6, and 1.3 litres.

There is also a refined 2.3 litre diesel.

Reduced friction pistons.
4-cylinder overhead camshaft engines have special pistons and rings which reduce friction inside the engine.

The less internal friction, the more fuel-efficient an engine becomes.



Box sections are injected with wax. And wheel arches and vulnerable underbody areas, are protected against stone chips by a tough PVC undercoat.

Only then is Sierra ready for the paintshop, where, in addition to the normal primer, three coats of enamel paint are baked on.

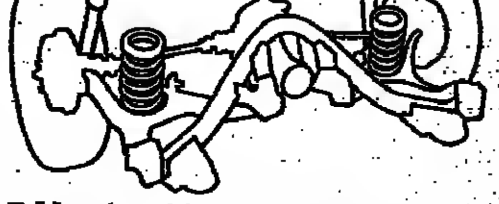
5-speed gearboxes: 70 mph at only half engine speed.
Efficient aerodynamics allow very high gearing.

So besides the 4-speed manual and 3-speed automatic boxes, a 5-speed is now available.

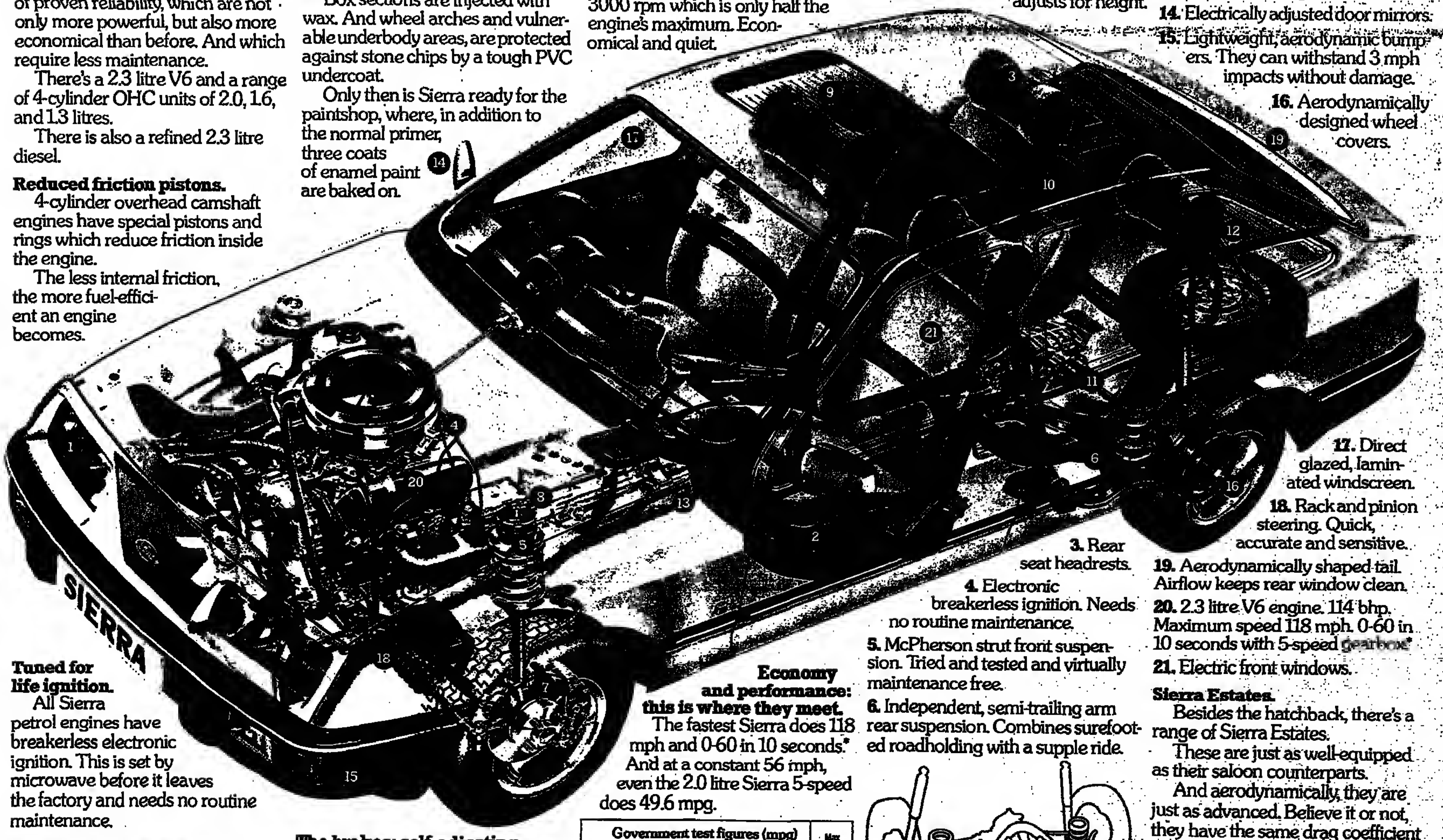
This has a long overdrive top which allows you to cruise at motorway speeds at low revs. Some models reach 70 mph at just under 3000 rpm which is only half the engine's maximum. Economical and quiet.

Anatomy of a driver's car: Ford gives you more.
All these features are standard on the Sierra 2.3 litre Ghia illustrated here.

1. Recessed halogen headlights, built-in driving lights, and fog lights.
2. Front seats adjust for rake and reach. And have an adjustable lumbar support. The driver's seat also adjusts for height.
3. Rear seat headrests.
4. Electronic breakerless ignition. Needs no routine maintenance.
5. McPherson strut front suspension. Tried and tested and virtually maintenance free.
6. Independent, semi-trailing arm rear suspension. Combines surefooted roadholding with a supple ride.



7. Ventilated front disc brakes. Cool rapidly after heavy applications.
8. 5-speed gearbox with overdrive top. This is an option at no extra cost. Automatic is standard.
9. Glass sun roof. Tilts or slides. Also has a sliding sun-blind.
10. Folding rear seat with centre armrest. Split 60/40 for versatility.
11. Rear wheel drive. Gives '50/50' weight distribution for well balanced handling. Reliable and simple to service.
12. Boot is 6% larger than Cortina's.
13. New exhaust system. Designed to cut power losses. Extensively aluminised for long life.
14. Electrically adjusted door mirrors.
15. Lightweight, aerodynamic bumpers. They can withstand 3 mph impacts without damage.
16. Aerodynamically designed wheel covers.
17. Direct glazed, laminated windscreen.
18. Rack and pinion steering. Quick, accurate and sensitive.
19. Aerodynamically shaped tail. Airflow keeps rear window clean.
20. 2.3 litre V6 engine. 114 bhp. Maximum speed 118 mph. 0-60 in 10 seconds with 5-speed gearbox*
21. Electric front windows.



Tuned for life ignition.
All Sierra petrol engines have breakerless electronic ignition. This is set by microwave before it leaves the factory and needs no routine maintenance.

Efficient exhaust systems.
Dual outlet exhaust manifolds and big bore pipes have been introduced to cut power losses. All systems are extensively aluminised and silencers have stainless steel end plates. They're built to last.

Corrosion protection: the 20-stage treatment.
Sierra bodies are totally immersed in anti-corrosive primer.

The brakes: self-adjusting.
Sierra has front disc brakes (ventilated on 2.0 and 2.3 litre models) and rear drums. The system incorporates a gravity valve which balances the braking effort between the front and rear when you brake hard. The brakes are self-adjusting and pads can be checked without removing the wheels. GL and Ghia models have lights to warn you of brake pad wear.

Economy and performance: this is where they meet.
The fastest Sierra does 118 mph and 0-60 in 10 seconds.* And at a constant 56 mph, even the 2.0 litre Sierra 5-speed does 49.6 mpg.

Government test figures (mpg)				Max speed* (mph)
Saloon Models	Constant 56 mph	Constant 75 mph	Urban cycle	
1.3 4-speed	44.8	35.8	30.7	94
1.6 5-speed	47.9	36.7	28.0	103
2.0 5-speed	49.6	38.2	26.9	115
2.3 V6 5-speed	44.8	35.3	23.3	118

*Ford computed figures.

Government test figures – (litres per 100km). 1.3 litre 4-speed 90kph (6.3), 120kph (7.9), urban (9.2); 1.6 5-speed 90kph (5.9), 120kph (7.7), urban (10.1); 2.0 litre 5-speed 90kph (5.7), 120kph (7.4), urban (10.5); 2.3 litre 5-speed 90kph (6.3), 120kph (8.0), urban (12.1).

Sierra Estates.
Besides the hatchback, there's a range of Sierra Estates.

These are just as well-equipped as their saloon counterparts.

And aerodynamically, they are just as advanced. Believe it or not, they have the same drag coefficient as the saloon.

Mechanically, they differ from the saloon in having modified rear suspension, to compensate for the extra loads they will carry.

This then is Sierra. Solidly built yet light in weight. Aerodynamic yet spacious. Taut and positive yet smooth and comfortable. Powerful yet economical. Man and machine in perfect harmony.

Man and machine in perfect harmony. Ford

POLITICS TODAY

The problems of not promising too much

By Malcolm Rutherford

AN ABIDING memory of this year's rolling Social Democratic Party Conference will be the expression of dismay on Mr Roy Jenkins's face as he looked round St David's Hall, Cardiff at 10 o'clock on Tuesday morning and surveyed the rows of empty seats. The expedition to Wales was not a success.

By Wednesday in Derby, however, the SDP was holding the best debate of the political conference season. The subject was industrial relations. There were shop stewards, trade union officials, middle managers and executives, almost all of them with something to say that would not be heard in other parties. Their common theme was that the reason for Britain's poor economic performance lies at least as much in bad management as in the behaviour of the unions. The most applauded remark from the floor was the call for union reform rather than union dissolution.

Suddenly you understood what Dr David Owen has been talking about in his insistence that the SDP should be slightly left of centre. In Derby it began to *look like* a modern Labour Party.

The climax comes in Great Yarmouth today when Mr Jenkins delivers his key speech on economic policy and the conference will also be addressed by Mr David Steel on behalf of the Liberal wing of the Alliance. But there is room for a preliminary assessment.

The Alliance—in the sense of the two parties merging inextricably into one—is not on. Much of the emphasis now is on the SDP maintaining a separate identity. Indeed, it will have to do so if it is to pursue its long-term aim of replacing Labour. As Mr Richard Holme put it for the Liberals, the Alliance will be a "new hybrid—somewhere *between a coalition and a party.*"

The SDP accepts that it cannot rely on disenchanted Tory voters. It will have to confront Labour head-on, as it is trying to do in the current by-election campaign in Peckham.

At present, though the Alliance is respectably placed in the polls with a little over 25 per cent electoral support, it has still not made the decisive breakthrough. The new class of technocrats which has flocked to the SDP, plus the old Liberal vote, is not quite enough.

In Mr Jenkins the SDP has a leader who can quite easily be seen as Prime Minister. His stature seems to grow with time. None of the other party leaders has his sweep or depth. Nor is it true that he has not been working merely because little was heard of him during the summer. He was making speeches around the country.

The SDP does have a problem of organisation; hence the failure to do as well as the Liberals in the local elections and the poor turn-out in Cardiff. The Liberals would have filled St. David's Hall with supporters from all over Wales; so would Plaid Cymru. The SDP lacks the capacity to mobilise at the grass-roots.

A frequent theme at this week's conference has thus been the need to go round knocking on doors and talking to the voters. It has come most from professional politicians such as Mrs Shirley Williams and Mr William Rodgers. A 20-minute doorstep conversation, Mr Rodgers told a fringe meeting, was more important than a year's issue of a Social Democratic magazine.

Mr Jenkins was making the same point when he criticised the opinion polls for persistently underrating Alliance support. "Which party would you vote for if there were a general election tomorrow?" is a snap question frequently answered by the old reflexes. To persuade people to vote for the Alliance you need time to explain to them that the old order is changing.

All that was summarised by Mr Jenkins in Cardiff when he said: "We are in a position from which we can win, but not in one from which we are currently winning." In other words, the Alliance needs the support of another 8 to 9 per cent of the electorate to ensure the breakthrough and perhaps even to form the next government.

Let us assume that is possible and turn to another political theme of the week: namely the lecture by Sir John Hoskyns, the former policy adviser to Mrs Thatcher, to the Institute for Fiscal Studies. Sir John was talking about the reform of the Civil Service, the weakness of successive administrations and a great deal else.

The two themes—the emergence of the Alliance and the need to reform the machinery of government—are related. *At any rate they* ought to be, though there is no obvious sign yet that the SDP has caught on.

Sir John's starting-point is that at least since Harold Wilson's first Government in 1964 there has been the vague feeling that something fundamental is wrong with the way in which we conduct our political and economic affairs, a sense that the relative economic decline might give way to something much worse.

The then Mr Wilson—and here I extrapolate a bit—was elected in the expectation that his Government would begin to reverse the trend. It failed, not perhaps absolutely but relatively. Since then successive governments have gone much the same way.

About Mrs Thatcher we shall have to wait and see before judgment can be delivered. Sir John has the interesting comment on her team that "they have if anything, a rather clearer view now than they had earlier in their term. Instead of moving from apparent clarity to actual confusion, they are moving from apparent confusion to relative clarity." That explains, incidentally, the Prime Minister's determination at the Tory Party Conference last week to press on with present policies.

At the same time, however, neither the unemployment nor the industrial production figures suggest that she has bought a one-way ticket to success.

The relevance of that to the Alliance and the SDP is that they, too, are offering a fresh start. There has been much talk at the conference this week of a modest new "new deal" *à la* Roosevelt. That is one reason why the SDP is winning support among the technocrats. But what happens if the *Alliance* forms a government and fails to do any better than *its predecessors?*

Springs

Mr Jenkins has already gone some distance towards meeting this objection. In his speech in Derby he said that the Alliance should be sparing in its promises to introduce new legislation: "In advocating changes we should rigorously ask ourselves whether we think there is a good chance of their sticking." In that way the country might be rescued from the cycle of nationalisation and denationalisation (now called privatisation) and from the repeated repeals, *almost reversals*, of the law relating to the trade unions.

In policy terms, too, Mr Jenkins might find it easier. For on the whole SDP-Liberal Alliance policies go right down the middle between the extremes of Thatcherism and Mr Foot's Labour Party. Take defence as an example. The Alliance is against Trident as an independent nuclear deterrent and in favour of cruise missiles as a British contribution to the Atlantic Alliance. The Labour Party is against both, just as *the Tory Party is for.*

So here it would seem that *the Alliance has adopted* the sensible, rational approach. But can you always get by in that way of not promising too much? And what do you do about the unexpected, the rise in oil prices, the rise or fall of the exchange rate, the unforeseen depth of the world recession.

We come back to Sir John's lecture. He says that successive British governments have not had a clear enough idea of what they were trying to do or how they were going to achieve it. One of the results is that the Civil Service has become accustomed to failure. It withholds total commitment from any proposed new deal—be it incomes policy or its abolition—because it has come to expect that in due course it will be obliged to implement another.

Sir John's approach is basically twofold. The first is to politicise the Civil Service by encouraging the political parties to be serviced by outside advisers on contracts of up to seven years and paid at the rates that they could expect to command in the private sector. If the party they served became the governing party, these advisers would move into top posts in the Ministries, possibly as many as 10-20 per department. It is the size of the numbers that is radical.

The second part is that there should be a reform of the way political parties are financed. Sir John favours the tax-deductible dollar, as practised in America: ie, the citizen can set off a party contribution against income tax. The SDP at present favours state financing of parties.

Either way, the reform could be fundamental.

The conventional defence of the existing Civil Service is that it provides continuity in what has become a volatile political system. The case for the prosecution is that it has become a hindrance to any government trying to implement radical change.

It is odd that Mr Jenkins has not so far put forward his own ideas. Meanwhile, Sir John has provided a blueprint for any party that wants to take it *up*.

Lombard

The wrong way to stop the rot

By Barry Riley

BRITAIN'S institutional investors have flexed their muscles at last. They moved to stop the rot at F. W. Woolworth in the UK by arranging to buy the majority stake in the company from the American parent. *They have refused to continue* to stand by in silence and resignation while a company slides downhill. They are taking a much more constructive stand.

Or are they? Undoubtedly the deal whereby the institutionally-backed Paternoster Stores is taking over the British end of Woolworth has some highly unusual features. It is hard to think of a precedent for the acquisition of such a substantial business by an entirely new and specially formed company.

It is not the normal way of things for a new top management team to be put together to run an established enterprise.

Yet the fact remains that, in the final analysis, this is yet another example of the takeover bid as a solution to a company's problems.

The British and American stock markets remain wedded to the attractions of take-over bidery to an extent that can *sometimes* get completely out of hand—the Bendix-Martin Marietta affair in the U.S. is an obvious case in point, though the Berisford-British Sugar-Ranks Hovis triangle in the UK was also at one stage bordering on the farcical. It is an approach which is puzzling to businessmen and investors on the Continent or in Japan.

The reasons *for* the *emphasis* on take-over bids are fairly deeply embedded in Anglo-American business culture. Essentially, however, the causes can be traced to the gulf between managers and investors in the modern public company in the UK or the U.S., and the scope this leaves for the profitable operation of intermediaries.

Problems of *weak* management and corporate decline are common in the UK, but they are rarely faced up to by shareholders. The requirement, all too often, is for the injection of new blood into a company's top executive ranks. This may be a question of recruiting outsiders, or simply of replacing the old guard by their juniors. But the mechanics of such a process are often impossible to put into place.

Hence the importance of the takeover bid as a sledgehammer method of enforcing management changes. For it is a way in which a decision about management can be transformed into a decision about portfolio investment, thus fitting much more easily into the stock market framework.

Huge fees are earned by the merchant banks and other intermediaries who oil the wheels of this process and indeed often initiate it. Amounts of £0.5m or more are scarcely unusual. Quick profits are made by existing *shareholders* and by speculators in the market (in New York the activities of arbitrageurs have become notorious). The costs are very real and very large, but they are usually borne by shareholders in the bidding company in a way that is deferred and disguised.

In contrast the cost of some management consultancy and headhunting would be relatively modest. But who would pay for it? The threatened management would hardly be keen to agree to facilitating its own replacement. *It is unlikely* that some shareholders—even large institutional ones—would bear on their own shoulders the costs of measures which would benefit all shareholders. And there would be no quick profits for anybody.

Moreover, there are considerable practical difficulties in drafting in outside managers. There are all the typical British obstacles to mobility.

So in fact the Woolworth deal has been formed very much out of a traditional mould. The initiative has come from an intermediary — Charterhouse Japhet—which is in line for a substantial, and no doubt fully deserved, fee; the institutions have played a largely passive role.

The presence of U.S. Woolworth as a majority shareholder has inevitably complicated the situation. Even so, it looks like a very elaborate way of getting some new faces into the top management suite at Woolworth UK. And significantly, the chief executive's chair at the new company Paternoster Stores is *still unfilled.*

Letters to the Editor

Handling international tax avoidance

From Mr M. J. Gammie

Sir,—The Dell Report on international tax avoidance should be welcomed as an important step towards establishing a useful consultation between all concerned with this difficult subject. A great deal of time and effort has been invested in the subject by the Inland Revenue, industry and the professions, but with little constructive progress. One must hope that the Dell Report proves to be the catalyst that helps to bring together the opposing points of view.

I fear, however, that this may not be so. A great deal of nonsense has been spoken about tax avoidance in this area. The basic fact is that the UK's tax system has always rested on the principle that the UK does not tax the foreign income of a non-resident person (in this context a non-resident company) even though ultimately owned by UK residents.

In my view, the real point that is raised by the Inland Revenue's proposals is whether that principle, derived from the 19th century, remains a proper one in all circumstances for the latter part of the 20th century. That question has nothing to do with tax avoidance per se.

The situation may perhaps be likened to that which existed before the introduction of a capital gains tax. In that era there were tax avoidance schemes specifically designed to turn taxable income into non-taxable capital. However, of itself, the fact that a payment was received by a person in capital rather than income form could not automatically be described as tax avoidance merely because in that form no tax was levied.

So it is in the international field at the present time: there are schemes designed to avoid or, perhaps more commonly, to defer liability to UK tax, but there is a great deal more that is presently, and quite legitimately, not taxed.

It seems to me that the subject is being approached from the wrong end, that is by trying to identify in a rather vague fashion what overseas activities are generally considered to be a reprehensible use of the present tax rules. I do not envisage that there will ever be wide agreement on that.

The approach we should adopt is that of seeking to amend the basic design of the UK tax system so that it rests upon a basis which is consistent with the economic and technological changes that have occurred in the world since the 19th century and the further developments that can be anticipated in the coming years.

M. J. Gammie.
Verum House,
70 Finsbury Pavement, EC2.

Productivity and pay

From the Personnel Director, Leyland Group

Sir,—I refer to the article Autumn pay awards averaging about 7 per cent (October 4), and in particular to the mention of the recent wage settlement at Leyland Vehicles in Lancashire.

The article correctly stated that a 5 per cent increase in average weekly earnings has been accepted by the 6,000 hourly-paid employees at Leyland. I would like to point out, however, that the productivity scheme that was implemented as an integral part of the pay deal will only yield further increases in pay in direct relationship to measured improvements in productivity.

Frank B. Saundry.
Leyland Vehicles Limited,
Lancaster House,
Leyland,
Preston, Lancs

Car warranty benefits

From Mr G. M. Morrell

Sir,—I follow the public debate on car prices with interest, in particular that concerning British Leyland. Here is a little piece of information to fuel the flames.

In the U.S. prospective Jaguar buyers are offered a two-year or 36,000-mile warranty, which is approximately double the benefit received by prospective British buyers.

In the UK we are offered the delight of buying a second year of Supercover. Your paper has published several articles this year extolling the virtues of improved Jaguar quality. If this is the case, why are we not offered the same warranty benefits as overseas customers?

G. M. Morrell.
20 Prospect View,
Hartshead,
Liversedge,
West Yorkshire.

Learning to type

From Mr E. G. Wood

Sir,—Ann Billimoria (Letters, October 11) is right in suggesting that managers should learn to type but doesn't say how they should learn. Not for them the indignity of the typing school; that's for lesser mortals. Fortunately, managers and others can now learn to touch-type with the aid of a microcomputer.

For several years, in the academic world, I relied on an excellent secretary to convert my garbled dictation or scribbled manuscripts into superb typescripts. Now, as an independent businessman, I can't afford the luxury of a secretary, so I make my own coffee and type my own letters.

Two years ago I was a two-fingered, hunt-and-peck typist. Now I can touch-type at 30-40 words a minute with very few errors, thanks to the Microsoft typing tutor on my Apple II microcomputer. To reach this stage took only half-an-hour a day for about a month.

The real reason why managers should learn to type is not so much to type their own letters as to be able to take advantage of the microcomputer. Within a few years, these devices will be as essential to management as the telephone or the motor car. Managers who don't learn how to use them will be as handicapped as those who now try to run their business without a telephone or a motor vehicle. There is now no excuse for managers not learning to type.

E. G. Wood.
27 Townscliffe Lane,
Marple Bridge,
Stockport, Cheshire.

Why we still need secretaries

From Mrs V. A. Hyslop

Sir,—The pattern of office work described as Klinger's "eye-opener" (Management Page, October 1) is hardly unique! Most large companies with a number of departments must have similar experiences. Nonetheless, they continue to operate thus, despite demonstrations of, and experiments with word processors. They have discovered that their application, at least for the present, would not work for them.

I find it particularly surprising that there is criticism of the *director having* a confidential secretary. If there is one department that requires total confidentiality, this is surely it. A dictating centre and the typing of classified documents on a centralised machine, staffed by numbers, would be undesirable to say the least.

Does a word processor also arrange conferences, greet overseas visitors, book hotel accommodation and air fares, collect tickets, currency from the bank, arrange transport to and from air terminals, plus any paging that may be necessary?

It is also interesting to note the comments of the "administrative support assistants" themselves—that in the long term they will go back to being a conventional secretary. This, despite 25 per cent higher earnings!

I have become increasingly out of patience over the years by the devaluation of the secretary, that has been helped latterly by the introduction of new technology.

We are on the threshold of seeing the computer being used extensively in the teaching and medical worlds. I venture to hope that the true secretary will be aided by the machine, not replaced by it. In fact, chips *with*, not instead of!

V. A. Hyslop.
Red Roof, Hollington Road,
Shotteswell, Banbury, Oxon.

Lecturers against torture

From the General Secretary, National Association of Teachers in Further and Higher Education

Sir,—This association represents over 75,000 lecturers in public sector further and higher education in England and Wales and takes a particular interest, through its International Relations Standing Panel, in overseas affairs which affect members of the teaching profession and the trade union movement as a whole.

In particular, the association is most concerned about the flagrant abuses of human rights which exist in some countries. One such country is the Philippines where torture, political murder and disappearances are prevalent. During the imposition of martial law in September 1972 to January 1981, trade union leaders, together with workers engaged in peaceful protests against political and economic policies were subjected to arrest and imprisonment.

Representatives of Amnesty International visited the Philippines after martial law was lifted in 1981 to find out whether there was any decline in violations of human rights. The mission found that torture and arrests were still being carried out.

On September 22 1982, Amnesty launched a major international campaign against human rights violations in the Philippines. Our association fully supports Amnesty in its campaign.

Peter Dawson.
Hamilton House,
Mabledon Place, WC1

J. Mowlem edges higher at six months

THE FIRST half of 1982 saw John Mowlem & Co. achieve a marginal improvement in both turnover and profits, despite bad weather at the start of the period.

On group sales of £138m (£133m), the taxable surplus for the six months came through at £3.4m (£3.2m) and, in addition, Mr Philip Beck, chairman of this construction group, reiterates his forecast made in the last annual statement that the full year outcome will be satisfactory.

With earnings per 25p share at 12.1p (12.7p), the net interim dividend is stepped up from 2p to 2.1p. Last year's total payment was 9.625p on full year profits of £7.8m.

At the trading level, midterm profits were ahead from £3m to £3.5m, but there were associates' losses of £0.1m this time compared with profits of £0.2m last.

Tax took £1m (same) and the interim dividend absorbed £0.4m (same) for a retained balance of £2m (£1.8m).

Last May the company agreed to invest $1.5m in a new concern, Kenya Mining Services, in which Mowlem now holds a 70 per cent interest.

● **comment**

The somewhat disappointing midyear figures from Mowlem yesterday left the shares 8p down from their 1982 high of 222p. The additional factor was the outlook for its workload in the U.S. and Australia—where its associated companies were in loss. Some 25 per cent of turnover is generated overseas including a number of large contracts in East Africa. The problems facing the Kenyan economy could lead to even greater delays to payments from the government there and forward work in Kenya is declining. This is requiring a cutback in the company's overheads in that country. On the brighter side the UK construction and civil engineering work is holding up well in the depressed conditions with both activities producing good profit contributions. The UK order book shows a slight downturn from the £250m level seen earlier but the government trunk road programme could produce a needed boost here. Recent acquisitions have reduced the strong cash holdings which will be drawn on the £23m seen at 1981 year-end. A second half outturn similar to last year would put pre-tax profit around £8m for a fully taxed prospective p/e above the sector average at 11.

Empire Stores falls deep into red and omits interim

Empire Stores (Bradford), the mail order company whose acquisition by GUS has been referred to the Monopolies and Mergers Commission, incurred heavy losses in the 28 weeks to August 14, 1982 and has passed its interim dividend.

For the first half pre-tax losses totalled £1.97m compared with profits of £312,000 for the corresponding period and £1.82m for the last full year.

Turnover at mid-term showed little change at £69.18m (£69.01m) and the deficit at the trading level was £987,000 (£945,000 profit), before interest of £902,000 (£633,000) and a £99,000 exceptional debit relating to costs in connection with the GUS offer and Monopolies reference.

The loss per 25p share is stated at 6.03p (0.96p earnings) and, announcing the lack of interim distribution, the directors say a decision on a final dividend will be made when full year results are known. Last year's interim of 1.2p net was followed by a 1.35p final.

They add that, in the light of the sales level achieved since the end of the half-year and in the absence of any positive indication of an improvement in the national economy, it is also likely that any increase in sales in the remainder of the year will be below the company's original expectations. Consequently, while the second half should show a profit, it now seems certain that this will not be sufficient to offset first half losses.

Further system changes are being planned which should yield material cost savings, but again it will be some time before the benefits are evident in trading results.

However, the prime element for the longer term future must be to secure an adequate increase in sales and the company's merchandising policies and marketing strategy are being critically examined to this end.

During the past few weeks the company has carried out its normal annual review of finance facilities with its bankers and has received assurances of the availability of sufficient finance to cover requirements for the foreseeable future.

The directors report that the general economic situation has also considerably aggravated bad debt write-offs.

The report by the Monopolies Commission is not expected to be available before the end of November. Meantime, certain measures have already been taken which will produce savings in operating costs. Furthermore, in order to reduce the level of bad debts, a tighter control on recruitment of new agents has been instituted which, although it will adversely affect sales in the short term, should result in a significant reduction in bad debt write-off in the longer term.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberthaw Cement	int.	4.5	—	4	—	11.5
Ben Bailey Cons		0.56	Jan 12	0.56	0.81	1
Barlow Holdings	int.	1	Dec 14	1	—	3.25
Barr & Wallace	int.	Nil	—	Nil	—	1
Empire Stores	int.	nil	—	1.2	—	2.55
John Finlan	int.	3	—	3	—	6.25
Greenbank Ind.	int.	0.8	Nov 19	0.6	—	1.6
Green's Economiser	int.	2.88	Nov 26	2.88	—	5.75
Midland Marts‡	int.	1.25	Jan 6	1.25	—	4
J. Mowlem	int.	2.1	Jan 4	2	—	9.63
News International		3.07	—	3.47	6.29	6.3
C. H. Pearce		9.75	Jan 13	9	14	13
Roberts, Adlard	int.	2	—	2	—	9
Steel Brothers§	int.	3.5	Dec 15	3.15	—	9.6
F. W. Thorpe		1.65	Dec 9	1.45	2.7	2.45
UEI	int.	1.8	Dec 2	1.55	—	4.3
Ward White	int.	1.4	Nov 17	1.4	—	4.2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity.

Barlow distribution is blocked

PROPOSALS by Barlow Holdings, rubber plantation and property group, to make a special capital distribution to shareholders have been rejected by the Inland Revenue.

Barlow, which yesterday reported a near £400,000 increase in pre-tax profits to £1.9m for the first half of 1982, wants to make the distribution from the proceeds from the sale of its 70 per cent interest in its Malaysian plantations—40 per cent to the Malaysian Government investment body, Permodalan, and 30 per cent to Perlis Plantations.

The group is now having further talks with the tax authorities and hopes to develop alternative proposals "which should be in the best interests of all shareholders."

It was a year ago when Barlow first announced its plans to sell the Malaysian interests for £24.7m and said it was considering a capital distribution. The sale realised a net profit of £12.14m; shown in the half-year statement as an extraordinary gain.

At that time, it was stated that one-half of the proceeds of the sale would be invested in broadly-based portfolio of UK listed securities and the remainder directly in UK property.

The problem facing a capital distribution is finding a way of making one without it being subject to income rather than capital tax. Gieves Group, the Savile Row tailor and motor dealer, got round this barrier two years ago when it sold its subsidiary James Burn Bindings to the U.S. company, Stondex, for £3.7m. Rather than re-employ this money in the business it distributed it by way of 60p a share to its members.

In this case, however, Gieves underwent a reconstruction whereby it split itself in two and gave shareholders a direct stake in the subsidiary and then itself underwent a temporary winding up. Section 233 of the 1970 Taxes Act allows a distribution in respect of share capital in a winding-up to be net of income-tax.

For the whole of 1981, Barlow achieved taxable profits of £3.77m and distributed a total of 3.25p per share.

Stated earnings per 10p share improved from 1.44p to 2.13p before extraordinary items which raised attributable profits from £675,000 to £13.15m.

Steel Brothers profit up by 48%

A VERY good performance by its food and catering division has helped Steel Brothers Holdings lift pre-tax profits by some 48 per cent from £2.84m to £4.2m for the first half of 1982.

The results have, however, been adversely affected by the current recession in the economies of Canada and the U.S. which seems likely to continue for some time, Mr A. P. de Boer, the chairman, states.

No improvement in the economic situation in North America is expected this year and despite encouraging results elsewhere indications are that the results for this year, excluding extraordinary items, will be somewhat less than those for 1981, he warns.

For the last full year, pre-tax profits totalled £7.81m and dividends amounting to 9.6p net were paid. This year the interim dividend, in order to reduce disparity, is being raised from 3.15p to 3.5p. Stated earnings per 25p share increased from 14.71p to 25.6p.

A breakdown by activity of the half year pre-tax profits shows: food and catering £3.4m (£1.94m); rock products and construction supplies £285,000 (£929,000); engineering £499,000 (£214,000 loss); general trading £39,000 loss (5,000 profit); insurance broking £277,000 (£263,000); investment income £29,000 (£26,000); other income including net profit on sale of fixed assets and net exchange differences £130,000 (£306,000). Central expenses including interest took £353,000 (£412,000).

Group turnover for the six months slipped from £49.37m to £47.99m. Trading profits advanced by £1.5m to £7.84m, before charging depreciation of £1.56m, as against £1.59m, and interest up slightly from £1.91m to £2.07m.

Tax charge was up from £1.04m to £1.19m, of which UK tax accounted for £633,000 (£129,000) and overseas tax, £555,000 (£910,000). There were also, however, extraordinary credits of £1.11m, resulting from the disposal—reported in April—of 51 per cent of the group's businesses in Dubai and the Northern Emirates. Last time there were extraordinary debits of £208,000.

After deducting minorities of £80,000 (£147,000) and preference dividends of £18,000 (same) profits attributable to ordinary holders showed a marked increase from £1.43m to £4.03m.

● **comment**

Steel Brothers has such a hotch-potch of interests, primarily in Middle East supermarkets and Canadian building materials, that the paradoxical is to be expected. This time an upsurge in first-half profits was coupled with a company forecast of a fall in profits over the year, which sent the share price down by 7p to 238p. But do not be misled by the group's diversity. Largely by chance, the group has become highly sensitive to the fortunes of a sector in which it has no direct dealings: oil. The success of Steel's food and catering company, Spinney's, in the Gulf depends on the number of expatriates in the area, which is a function of the investment and construction activity there, and therefore also of oil price changes. The profits increase over the past 18 months of Spinney's has much to do with the 1978-80 oil price boom. Although the division has now expanded into the Far East, the decline in oil prices over the past two years may have contributed to the company's pessimism. The construction products division is based in Alberta, Canada, and thus its turnover is also bound up with the success of the oil and shale industry there. But here also there has been diversification—into the U.S. quarrying market. After the first-half profits, it is unlikely the final pre-tax figure could be below £7.5m, which gives a fully-taxed prospective p/e of 8.4. If the annual dividend is maintained at 9.6p, as was hinted yesterday, the gross yield will be 5.8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Emrey, Greenbank Trust, Hammerson Property Investment and Development, S. Jerome, Lee Cooper.
Final:—Lowland Investment.

FUTURE DATES

Interims:—

Avana	Nov 8
Border Breweries (Wrexham)	Oct 27
Francis Industries	Oct 21
G.T. Global Recovery Inv. Tst.	Nov 18
Save & Prosper Linked Inv. Tst.	Oct 27

Finals:—

Linread	Oct 28
Lucas Industries	Nov 8
Medminster	Oct 26
Pressac	Oct 21
Stewart and Wight	Oct 21

LADBROKE INDEX
600-605 (−2)

Three directors quit in shake-up at R-R Motors

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A MAJOR reorganisation of the Board of Rolls-Royce Motors, the Vickers' subsidiary, has resulted in the departure of three directors.

The shake-up comes three weeks after Vickers gave a warning that profits for 1982 would be lower than last year's and that sales of Rolls-Royce cars, particularly in the two main markets, the UK and the U.S., had been disappointing.

Among those to go is the UK marketing director Mr John Carpenter. Rolls apparently intends to place much more emphasis in future on overseas marketing, particularly in the U.S., and it is understood that Mr Carpenter did not wish to be considered for the post which combines UK and international marketing. The position will be filled from outside the company.

Mr John Hollings, who is in his late 60s, has retired as engineering director and Mr Ian Nelson, director responsible for engineering, production resources and special projects, has also left the company.

A managing director of the car division (Rolls also has an overseas sales division and pressing division) has been appointed: Mr Richard Perry, 52, previously with BL before moving to Rolls' Mulliner Park Ward subsidiary as managing director.

This will enable Rolls-Royce Motors group chief executive Mr George Fenn more time to devote to other affairs.

Rolls recently warned its workforce that demand might be 20 per cent lower this year than the original forecast of 3,500 cars and short-time working was started. Now it seems the group expects the weakness in demand to go on for some considerable time. In 1981 Rolls, which accounts for about one-fifth of Vickers' turnover, built and sold 3,175 cars of which 1,300 went to the U.S.

John Crowther halves losses

CONTINUED improvement in the first half of 1982 is reported by Mr T. Barker, chairman of John Crowther Group. Pre-tax losses were reduced from £227,000 to £114,000.

Turnover of this woollen textile manufacturer, based in Huddersfield, improved from £1.72m to £2.39m.

Mr Barker says the improvement has come about despite the continuing poor level of demand throughout the industry.

Losses in the first few months of the year were due to the extreme weather, traditionally low demand and delays in re-siting plant slowed down the recovery, says Mr Barker. In spite of that, the loss before tax was half that incurred in the first half of 1981.

Trading in the second half is better and the company is starting to benefit from its rationalisation programme. Mr Barker says this should help the company to recover its first-half losses.

Mr Barker is confident that all these moves will help group prosperity in the future.

Stated losses per 25p share are given as falling from 6.5p to 3.4p. The last dividend was a single payment of 0.76p in 1979.

Tax took the same—again at £2,000. Attributable losses emerged lower at £121,000 (£234,000).

● **comment**

John Crowther may have turned the corner, but it has proved to be a very wide bend. Since 1975, the company has failed to produce an end-of-year pre-tax profit — this year, for the first time, it hopes to do more than break even. Interim losses were halved to £124,000 and were due mainly to the terrible weather at the beginning of the year. This led to very low demand and very high energy bills. From March, though, demand started to climb back, and now the company is finding itself with "substantial" month-by-month profits. The order book is full till after Christmas, and the factory is working 24 hours a day, 7 days a week, to satisfy demand. Crowther has gained from moving up-market — 90 per cent of its output is now pure wool—as demand is better and competition, especially from Italy, less fierce. Turnover rose in the first six months by 38 per cent compared with the same period last year, and is expected to follow the same upwards trend for the rest of the year. Gearing is extremely high — net borrowings are currently 128 per cent of shareholders' funds and the company is hoping to improve this by selling property or buying another company with some spare cash. The chairman is expecting a small profit at the end of the year, but does not foresee a final dividend payout. With shares at 20p, the market values the company at £720,000.

Ward White higher in first half

AGAINST A bleak trading background, both in the UK and overseas, Ward White Group, footwear manufacturing and engineering concern, increased pre-tax profits from £1.46m to £1.58m for the first half of 1982, on turnover of £52.77m, as against £48.67m.

Trading profits—before interest—rose by 16 per cent to £2.55m (£2.21m). However, profits attributable to ordinary holders dropped by £1.03m to £0.86m, after charging tax of £610,000 (£578,000) and extraordinary debits of £108,000 (£958,000 credits).

During the period the group decided to reduce its conventional shoe manufacturing capacity in the UK and the costs incurred have been shown as extraordinary items. It is anticipated that further extraordinary costs, net of tax, of some £682,000 will be incurred in the second half as a result of further substantial closures already implemented.

Stated earnings per 25p share—before extraordinary items—improved from 3.01p to 3.13p, while the interim dividend is unchanged at 1.4p net—last year's total payment was 4.2p on taxable profits of £3.52m.

Because of the group's extensive interests in the retail field, the board has decided that it would be more appropriate to move to the traditional retail year-end. As a result, the current financial period will cover the 13 months to January 31 1983.

On prospects Mr Philip Birch, the chairman and managing director, comments that trading conditions remain difficult with no evident buoyancy, but he looks forward to the continued progress of the group.

Turnover and profits in the group's overseas division again showed an increase. Profit contributions increased from Europe arising from the disposal of the loss-making subsidiary in Holland and a good performance from Tuf Eire. But this improvement was partially offset by a deterioration in the results of the German company. Results from all three Scandinavian companies showed good advances over last year.

In the U.S., profits increased both from existing companies and also as a result of a full first-half contribution from Charles Kushins. In Australia, profit suffered a decline, largely because of a reduction in demand for non-safety footwear.

In the UK trading profits increased marginally, but with the benefit of lower interest charges the net contribution was further improved.

The footwear division again experienced lower demand and, while still profitable suffered a reduction in profits. However, an increase in export sales was achieved.

The safety products division held profits at about last year's level in a static sales climate.

Substatnial improvements have been recorded in the UK retail division against a general background of poor performance in the UK shoe retail sector in the first half.

The group's engineering division continues to operate at a low level of activity but the action taken earlier this year to reduce investment has given some benefits.

During the half year G. B. Britton and Sons (Holdings) (GBH), a wholly owned subsidiary of Ward White, disposed of its 60 per cent interest in Ravo Schoenfabrieken BV (Ravo) the value of which was written off in the 1981 accounts.

Under an arrangement between the Amsterdam-Rotterdam Bank NV (AM-RO) and GBH, AM-RO has required GBH to maintain, by way of loan, the net worth of Ravo at not less than Fl 1.5m (£317,125). The amount of the loan required is Fl 681,000 (£143,975) plus the amount of Ravo's audited losses for the half year to June 30 1982 which have still to be established. In addition, AM-RO has requested a guarantee of Fl 500,000 (£105,708) by GBH.

Certain shareholders in Ravo have challenged the validity of the disposal by GBH of its investment in Ravo. The directors of the company have been advised by their Dutch lawyers that the transfer affecting the disposal is valid.

● comment

Given the aggressive image that Ward White has built up over the past few years, it is a little surprising to realise that this is the first interim profits advance since 1979. Integration of the £13.6m Hofheimer acquisition with the Childs stores should be completed by the year-end. Although Ward White's $48m U.S. investment is 75 per cent debt, U.S. interest rates have fallen five points since the Hofheimer deal. The engineering division seems still to be loss-making despite intensive cost cutting, and given the company's aim of achieving 20 per cent return on capital from each profit centre, that division's future must be in some doubt. Safety footwear is accounting for an increasing proportion of turnover and profits, and the company seems interested in moving into the related area of fire control and even burglar alarms. However, these businesses do not come cheap at the moment, and Ward White's gearing is in the region of 65 per cent. Moreover the company might well consider expansion of its UK retail chain—presently consisting of only 75 shops—a more pressing need. After the results the shares gained 2p to reach a three-year high of 78p, yielding 8 per cent, assuming a maintained final pay out.

Acquisitions lift UEI to £4.6m

A MARKED increase in pre-tax profits from £1.41m to £4.58m has been produced by UEI, formerly United Engineering Industries, for the six months to July 31 1982.

Turnover of this investment holding company was ahead at £28.37m against £11.22m—the directors point out that comparisons are made doubly difficult by the impact of the major acquisitions of the Yewlands and Micro Consultants groups for the year to January 31 1982.

Commenting on future prospects the directors say that order books are "satisfactory" in what they still regard as a recessionary period.

The net interim dividend of this close company has been lifted from 1.55p to 1.8p. Net earnings per 10p share are shown to be up from 4.6p to 5.9p. In the last full year a total of 4.3p was paid from pre-tax profits of £4.21m on turnover of £30.25m.

At the operating level, profits were £5.52m (£1.7m). Interest charges rose from £295,000 to £939,000.

Tax amounted to £1.47m (£346,000). Attributable profits emerged ahead from £1.06m to £3.11m. After dividends of £764,000 (£376,000) retained profits moved ahead from £683,000 to £2.35m.

On a current cost basis, pre-tax profits were reduced to £4.07m (£1.34m) and net earnings per share were 5p (4.3p).

● comment

The transformation of UEI effected by last year's acquisitions makes the company's opposition to any divisionalisation or breakdown of results more than ever an obstacle to meaningful analysis. It does seem, however, that the 4½ percentage points improvement in trading margins is in large measure due to the performance of Micro Consultants, acquired last December. Although gearing is around 60 per cent, UEI is still actively interested in further acquisitions. Over the last few years UEI has issued a flood of paper in its dash for growth, and in that regard the 28 per cent rise in interim net earnings per share is more significant than the tripling of pre-tax profits. The slight second half bias encourages the belief that UEI should make about £9½m pre-tax for the full year. After the results the shares fell 2p to 291p, at which level the prospective P/E is orbiting at around 33.

Sharp fall at Green's Economiser

A SHARP profits reverse in the first half of 1982 and the evaporation of brighter prospects for the remainder of the year are reported by Green's Economiser Group, the Wakefield-based engineer.

Behind a mid-term pre-tax profit slump from £1.54m to £12,000 lies a serious setback in the performance of the site services division and continued problems in the group's foundry. This has also led to a retraction of the view, expressed in the chairman's last annual statement, that a substantial proportion of annual profits would be generated in the second six months. For the directors now report that this is unlikely to be the case.

The projections were based, they explain, upon the continued generation of profits from the group's traditional businesses. However, the company has experienced a general downturn in orders and activity, affecting all operations. Thus, with no signs of significant improvement, manning levels during the second half have had to be reduced.

The directors report that, in addition to rationalisation steps already taken, the company has decided to close the foundry company on the Wakefield site and to end activities in France. Closure costs are likely to be around £900,000, they state.

It is now unlikely that the company will improve upon its first half performance for the year as a whole, after redundancy costs and before extraordinary items. However, the directors are confident that the steps outlined are such that a return to a more acceptable level of profit will be achieved during 1983.

For the first six months of the current year the loss per 25p share is given at 1.43p, against earnings of 10.54p. Nevertheless, the net interim dividend payment is being maintained at 2.875p, last year's total distribution being 5.75p when turnover amounted to £32.13m and taxable profits turned in at £2.82m.

Sales for the first half of the current 12 months showed an improvement from £15.21m to £15.98m, but trading profits were well down at £88,000, compared with £1.33m.

From these, redundancy payments, treated as an exceptional debit, took £55,000, there was a charge of £53,000 (£60,000) for interest payable and a £62,000 (£78,000) credit for that received. Following tax of £153,000 (£307,000), losses of £141,000 (£1.04m profits) were incurred at the net level.

Woodchester Investments' USM placing

The Unlisted Securities Market is to have its second Irish member once Woodchester Investments' application to the Council of the Stock Exchange has been accepted. The company plans to place 1.1m ordinary shares through Allied Irish Investment Bank.

Woodchester, operating as Hamilton Executive Services, has been in the rental of office equipment in Ireland since 1977, and in both leasing and rental for the last two years. Leasing now accounts for about 70 per cent of total business. The company employs 12 people.

Pre-tax profits have increased each year since the company was set up, and for the year to March 31 were I£157,000. Next year, the company forecasts more than double that profit before tax of I£369,000.

After the issue, Woodchester's share capital will consist of 2,369,048 ordinary shares of 20p each and 66,667 redeemable cumulative preference shares of £1 each. The placing involves 1,154,048 ordinary 20p shares at a price of 84p per share and will raise £865,000. The market capitalisation at the placing price comes to nearly £2m.

The directors state that, based on their present view of prospects for the year ending March 31 1983, they intend to pay a dividend of 2.7p per ordinary share. For each following year, they expect to pay out up to one-third of profits available for distribution.

From the proceeds of the placing, after expenses of about Ir£75,000, Ir£50,000 will be used to repay a short-term bank loan and the rest will be used to finance future development. In the longer term, a subsidiary may be set up in the UK.

The only Irish company currently quoted on the USM is Bula Resources.

Slight fall at Roberts Adlard

Although the bad weather in the early part of the year had an adverse effect on its roofing company, Roberts, Adlard suffered only a slight decline in pre-tax profits. Figures for the first six months of 1982 were lower at £340,000 compared with £355,000.

Turnover of this builders' merchant, roofing and cladding contractor, rose from £6.4m to £6.95m. The interim dividend is unchanged at 2p net—last year's total was 9p from pre-tax profits of £927,000 (£982,000). The pre-tax figure was struck after interest unchanged at £1,000. Tax took £155,000 against £171,000, and stated earnings per 25p share were fractionally higher at 7.7p (7.67p).

The board says that despite the continuing recession, and the appalling weather in the first two months of the year, the company's results reflect an encouraging performance in the period. The increase in turnover experienced in the first half is being maintained.

Pre-tax profits on a CCA basis were £201,000.

Barr & Wallace recovers to profits of £323,143

RECOVERY HAS taken place at the two main divisions of Barr and Wallace Arnold Trust, according to Mr J. Malcolm Barr, chairman. Leisure and holidays and motor distribution contributed to pre-tax profits of £323,143 for the seven months to July 31 1982.

This is a turnround of £384,076 on previous losses of £60,933. Turnover for the period rose £3m to £54m.

Although no interim payment is being made Mr Barr anticipates that a final dividend will be recommended and that the group will trade profitably in the last five months of the year.

Earnings per 25p share were given as 5.33p.

A final 1p was paid in the last full year from pre-tax losses of £352,642 on turnover of £90.63m.

The improvement for the first seven months has been brought about mainly through tighter controls of existing businesses, reductions in manning levels, closures of unprofitable activities, and rationalisation policies generally, and not through any significant upturn in the economy, says Mr Barr.

At the trading level group profits rose from £256,099 to £816,617.

The increase in trading profits from £17,606 to £339,464 in the leisure and holidays division was due to excellent trading in continental holidays, improved results from International Express Services and a further improvement from coaching activities in Devon.

Costs have been tightly controlled, but Mr Barr points out that the division continues to be adversely affected by a dull market in British holidays and other domestic coaching activities.

Motor distribution trading profits of £242,364 (£31,220) were achieved against a background of tough trading with consistently good performances by VAG dealerships and a large General Motors dealership in Leeds.

Encouraging progress is reported by Mr Barr from two Ford dealerships in Scotland and from a Nottingham dealership—he says a respectable percentage of the improved result is from these sources.

Computer services trading profits were lower at £162,195 (£172,525). Mr Barr says that although new business obtained in the period has shown a fair improvement over the average of the last two years and business has been slowed by closures, short-time working and reduced activity by customers, this has only had the effect of stabilising the situation which is reflected in the profit figures.

In fuel distribution Mr Barr says the results—trading profits of £72,574 (£34,448)—were "very satisfactory."

Pre-tax profits were struck after interest and expenses less other income of £493,474 (£317,032). There was again no charge for tax.

On a current cost basis pre-tax profits were reduced to £200,000 (losses £668,000).

Fogarty loss at £0.5m: sees return to profit

IN the first half of 1982 Fogarty incurred taxable losses of £533,000 against profits of £938,000, on lower turnover of £16.97m compared with £18.85m.

The interim dividend of this group, which processes man-made fibres and down and feather fillings and manufactures household textiles, is being maintained at 1.6p net per 30p share, on stated losses per share of 6.55p (5.26p earnings). Last year a total of 4.02p was paid from taxable profits of £1.32m.

The directors say that as forecast, the profitability of all divisions was severely affected by depressed sales and their decision to reduce stocks. However they expect a return to profitable trading during the second half.

The rationalisation and reorganisation programme was extended with the closure of a further two factories. These moves will be completed by the end of October and the total anticipated cost has been included in the interim figures as an extraordinary debit of £1.32m (nil).

Tax took £86,000 (£310,000) leaving net losses of £619,000 (£628,000 profits).

CREATIVE

Creative Marketing of Clacton-on-Sea has asked us to point out that it has no connection with Creative Marketing Partnership whose name appeared in a recent list of winding-up orders.

Forecast will be met says Markheath

Although showing a loss in the first six months of 1982, Markheath Securities reaffirms the forecast made in April that pre-tax profits for the full year would be not less than £1.8m.

First-half losses totalled £315,000 compared with £70,000, and turnover dropped from £600,000 to £272,000. No tax was again payable, but there was an extraordinary debit of £40,000 (£104,000). The loss per 25p share was 3.5p against 0.78p.

The directors of this commercial property developer are confident that, on the basis that the sale of Solar House, New Barnet, is completed by December 31, the forecast will be met. They say construction work on the 83,000 sq ft office development at Stratford Broadway, East London, is on schedule, and the 20,000 sq ft office development at Southgate is expected to be completed during 1983.

Planning permission has been granted for an office development at Watford, Herts., and work will start next year. House sales on the Allum Park, Elstree development are continuing satisfactorily, and the residential development at Northwood has recently begun.

Negotiations are at an advanced stage for the acquisition of further office development sites in London and the

C. & W. Walker cuts midway loss

ALTHOUGH PRE-TAX losses of C. and W. Walker Holdings have been reduced sharply from £333,000 to £41,000 in the 26 weeks to July 31 1982, the directors of the company—a fabrication manufacturer for the process plant industries—say it is not yet possible to consider any form of dividend. The last payment was a 2p net final for 1980.

Turnover for the half year decreased from £4.96m to £4.7m. At the trading level, a loss of £75,000 was replaced by a profit of £218,000, struck after interest of £147,000 (£121,000) and depreciation of £112,000 (£137,000). There was again no tax and loss per 25p share was cut from 8.29p to 1.02p.

The directors report that the disastrous level of loss over the past two years has been stopped. For the 52 weeks to January 30 1982, the company incurred a pre-tax deficit of £1.22m (£0.97m).

They say that although the general recession continued to affect the whole of industry, and the company's sector in particular, each of its subsidiaries contributed to the half-time trading profit.

The recent steady reduction in interest rates is welcome, but its effect on the group results for the period under review has been minimal.

Nevertheless a continuation of this trend is a pre-requisite of increased investment in the capital goods industry, which is a necessity for real prospects of the group trading at a level nearer to full capacity, the directors state.

However, the group order intake for the half year encourages optimism in that budgeted targets were achieved, and the current level of enquiries for home and overseas provides a base for future confidence.

RESULTS AND ACCOUNTS IN BRIEF

DUNTON GROUP (property development, brick making and civil engineering)—Turnover for year to May 31 1982 £682,865 (£449,303 for previous 14 months): trading profit £32,329 (£30,082): after-tax profit £30,817 (£30,082). Towards the end of financial year the company secured a series of contracts with private developers which has produced considerable improvement in current trading. Sales increase in last quarter accelerated in the first quarter of current year and directors anticipate a satisfactory level of profit for year. Company has contracted with a firm of waste disposal specialists for the use of 15 acres of company's land at Ley Hill. Total income from refuse tipping will bring in not less than £250,000 over next five years.

SCOTTISH ONTARIO INVESTMENT—Total assets less current liabilities £31.8m at September 30 1982. Net asset value per ordinary share after prior charges at par 112.7p; after charges at market value 113.8p.

SECURITIES TRUST OF SCOTLAND—Total assets less current liabilities £77.6m at September 30 1982. Net asset value per ordinary share after prior charges at par 18.6p; after charges at market value 174.5p.

SCOTTISH EASTERN INVESTMENT TRUST—At September 30 1982 total assets less current liabilities £137.5m: net asset value per ordinary share after prior charges at par 121.4p, after charges at market value 123.9p.

PARKER KNOLL (furniture manufacturer)—Results for year to July 31 1982 and prospects already reported. Group shareholders' funds £14.71m (£33.89m). Net current assets £5.53m (£7.2m). Fixed assets £9.56m (£7.96m). Decrease in liquid funds £3.22m (£1.53m increase). Meeting, New Barnars Hotel, W, November 5, 12.30 pm.

DOWDING AND MILLS (electrical machinery repairer)—Results reported September 24. Shareholders' funds £6.63m (£6.32m), fixed assets £6.05m (£4.33m), net current assets £1.04m (£2.09m), increase in bank overdrafts £1.5m (decrease £921,745). Meeting, Birmingham, November 1, noon.

EMESS LIGHTING (decorative lighting fittings)—Results for year to June 30 1982 reported September 29. Fixed assets £826,266 (£527,802). Net current assets £162,185 (£387,918). Shareholders' funds £1.57m (£1.23m). Decrease in cash resources £207,259 (£270,652). Increase in net working capital £8,039 (£256,702). Meeting, 211 Piccadilly, W, October 28, 3.30 pm.

BRANON (oilfield and engineering services)—Results for the year to March 31 1982 reported August 21. Shareholders' funds £3.19m (£3.02m); fixed assets £1.29m (£819,000); net current assets £1.57m (£1.77m); net decrease in application of funds £40,000 (increase £136,000). Meeting: Rubens Hotel, SW, October 29 at 11 am.

AGB RESEARCH—The research side of business which now provides 70 per cent of turnover, is having a good year, Mr Bernard Audley, chairman, told members at the annual meeting. Industrial market research has shown a considerable recovery, and this usually bodes well for the other sectors. The good figures on the computer systems side are expected to continue. Difficulties continue in publishing and he doesn't expect a substantial upturn until a wider economic recovery emerges. He added that business in the first half continues to be satisfactory, and predicted a further increase in profits for the group.

Headway at Hunting Petroleum

An increase in pre-tax profits from £2.77m to £3.17m has been shown by Hunting Petroleum for the first half of 1982. Turnover rose sharply by £17.34m to £87.6m.

The net interim dividend is held at 2.25p with basic earnings per 25p share given as falling from 18.26p to 13.34p. On a fully diluted basis they are given as 10.95p this time.

Pre-tax profits were struck after an increase in associate profits from £71,000 to £144,000. Tax for the period took more at £1.36m (£857,000) and after minorities of £200,000 (£82,000) attributable profits emerged down from £1.83m to £1.6m.

MINING NEWS BIDS AND DEALS

Palabora lifts copper output

BY GEORGE MILLING-STANLEY

AS VIRTUALLY the only major copper producer in the world which is still able to operate at a profit at current price levels, the Rio Tinto-Zinc group's Palabora Mining in South Africa has wisely increased its production in the latest quarter.

The latest quarterly report from Palabora shows that copper production in the three months ended on September 30 was among the highest ever achieved by the company in a single quarter, at 34,568 tonnes. This compares with 30,417 tonnes in the corresponding period of last year.

The company said that this was made possible by an excellent performance from the smelter operations, which brought about a significant reduction in the stockpile of concentrates.

The stockpile had grown at an excessive rate earlier this year as a result of shutdowns at the smelter, refining and continuous rod casting plants for routine maintenance and modifications during March.

Despite the recent good showing on the production front, output over the first nine months of this year is still lagging behind that for the same stage of the previous year at 84,535 tonnes, against 88,191 tonnes.

Palabora said it plans to cut the concentrate stockpile to normal levels over the remainder of the year, which should make up for the shortfall in production during the first part of the period.

News on the sales front is not so good, however, with only 26,457 tonnes sold in the past three months, compared with 30,310 tonnes in the third quarter of 1981.

The company attributed this to a decline in demand for continuous cast copper rod from South African fabricators, which led to an increase in refined stocks.

Palabora added that it has made arrangements to export the surplus on favourable terms, and thus total sales for the full year should still be in line with expectations.

Nickelore rejects ACM bid

THE TERMS of Australian Consolidated Minerals' (ACM) takeover bid for Australia's Nickelore are described as "not fair and reasonable" by independent advisors and accountants Peat Marwick Mitchell & Co.

Consequently, Nickelore's two independent directors, chairman Mr K. R. Brookes and managing director Mr L. C. Hoffman have advised shareholders to reject the bid terms which they regard as inadequate.

ACM's bid was made principally to acquire Nickelore's 30 per cent interest in the Big Bell gold prospect in Western Australia. ACM currently has a 50 per cent stake in Big Bell and plans to acquire a further 20 per cent held at present by Amax (Australia), a subsidiary of America's Amax.

Peat Marwick Mitchell value Big Bell at $40m and the nearby Day Dawn prospect at A$300,000, and Nickelore's net assets at A$14.78m, equivalent to around 89 cents a share. ACM's offer of three of its shares for every two Nickelore shares and three options for every two Nickelore options places a capitalised value of only A$8.12m on Nickelore, using ACM's share sale price of 25 cents as disclosed in the Part A bid document. ACM currently owns 36.1 per cent of Nickelore's issued shares.

International round-up

A three-week strike which halted operations at the Roseberry zinc mine of EZ Industries in Tasmania has ended, according to Mr George MacKay, managing director.

The men involved are to return to work immediately, pending an inspection of manning levels at the operation on Monday by the chairman of the State Wages Board.

The strike, which concerned the level of redundancy payments to workers laid off in June, began on September 21.

* * *

Amax, the big U.S. natural resources group, has declared a quarterly dividend of 5 cents (2.9p) per share for the third quarter.

* * *

Amcon Group, a subsidiary of London's Consolidated Gold Fields, has announced that it has taken its stake in Newmont Mining of the U.S. to 25.2 per cent.

The current agreement between Newmont and Gold Fields allows the UK concern to buy up to 26 per cent of Newmont's common stock by the end of 1984.

* * *

South Africa's gold and coal mines will pay an additional R64m (£32.5m) a year as a result of the recently-announced 16.3 per cent increase in electricity tariffs, according to Mr William Malan, president of the Chamber of Mines.

* * *

Recent exploration by the Japanese government's metal mining agency has encountered a mineral deposit at a depth of about 355 metres on the northern island of Hokkaido.

The deposit, in an area where Chugai Mining has mining rights, is reported to contain an average of 3.9 grammes of gold per tonne, along with good grades of silver, zinc and lead.

Tring Hall planning Luxembourg merger

Tring Hall Securities, the issuing house and financial services company which specialised in bringing companies to the unlisted securities market, is planning to merge with Commercial Development Finance Corporation (Holdings), a Luxembourg company headed by Mr Shakirullah Durrani, a former governor of the International Monetary Fund.

Tring Hall said last night that its new partner would provide excellent financial backing and good business connections both overseas and in the UK.

Commercial Development was incorporated in June 1981 as an exempt holding company established in Luxembourg. As yet its activities have mainly involved the setting up of its basic structure but it intends to specialise in financial service activities.

The proposed offer by Commercial Development for Tring Hall will be on the following terms. For every 10 of their Tring Hall shares, shareholders will be offered one Commercial Development share of $1.75 and nine Commercial Development ordinary convertible bonds; and one Commercial Development deferred share of $1.75 and nine Commercial Development deferred convertible bonds for the equivalent of every 200 Tring Hall deferred shares of 5p.

Following the merger it is intended that an application will be made as soon as practicable for a listing for the Commercial Development ordinary convertible bonds and the deferred convertible bonds on the Luxembourg stock exchange, which, if successful, will be followed by an application to the Stock Exchange in London for a reciprocal dealing facility under rule 163 (4) (a).

Tring Hall will continue to operate as an issuing house and financial services company in the UK and no redundancies are envisaged as a result of the merger.

Subject to the offers becoming unconditional it is intended that Mr Durrani, a former governor of the State Bank of Pakistan and managing director of Pakistan International Airlines, should be appointed to the board of Tring Hall.

The merger moves follow nearly five months of discussions.

Mosspray extends bid

Mosspray, the consortium led by Mr Brian McGillivray, has extended its £8m bid for fire protection group Nu-Swift for the last time until October 19 after gaining acceptances from 37.26 per cent of the Nu-Swift equity.

Mosspray has increased its holding by only 2 percentage points in the latest offer period. The offer will lapse unless it gains 50 per cent.

Acceptances of the share offer have now been received from holders of 7,452,196 shares, including 2,951,000 shares—14.75 per cent of the equity—held before the offer period, Mosspray said yesterday. Acceptances of the increased 40p cash offer have been received in respect of 1,288,277 shares.

On Wednesday September Purchasing announced the success of its tender offer for 3m Nu-Swift shares at 44p taking its holding to 29.995 per cent.

Lady Joseph takes chair at Norfolk Capital

LADY MAXWELL JOSEPH, widow of Sir Maxwell, the chairman of Grand Metropolitan Hotels who died last month, is to become chairman of Norfolk Capital Group with immediate effect.

Lady Joseph intends to become more closely involved in the affairs of the hotels company, in which she now holds the 30 per cent stake inherited from her husband, Norfolk said yesterday.

The sale of the Arlington Hotel, Heathrow, for £550,000 has been completed while the freeholds of the New County Hotel, Gloucester, and the Angel Hotel, Chippenham have been purchased for £150,000. Both hotels had previously been held on a lease from Ushers Breweries.

The Royal Court Hotel, Sloane Square, London will reopen on October 28 following refurbishment. Norfolk now owns nine freehold hotels and one leasehold. Its shares were an unchanged 27p yesterday.

CDFC INVESTS IN CANADIAN COMPANY

The Commonwealth Development Finance Company (CDFC) is to buy a 20 per cent stake in Galt British Forge Company of Ontario, Canada, for C$2m (£900,000).

Galt, an open die forging company selling to the oil and gas nuclear, machine tool and aircraft industries in the U.S. and Canada, will use the funds to build an additional 1,250-ton forge press. CDFC also announced the sale of its holding of 990,000 shares—less than 2 per cent of the equity—in Malaysian Industrial Development Finance Berhad to Permodalan Nasional for £340,000 as part of its policy of realising mature investments.

CDFC is owned by about 140 British banks and industrial companies together with the Bank of England. It provides equity finance on commercial terms to the private sector in the Commonwealth.

GROUP 4 ACQUIRES PLANTIME

Group 4 Securitas (Investments) has acquired Watford-based Plantime from Internatio Muller of Holland.

Plantime produces products for the collection and analysis of information, particularly for the flexitime market. It also distributes Remanco restaurant accounting and control systems.

Mr J. Philip-Sorensen, chairman of Group 4, will become chairman of Plantime.

MORRIS VULCAN/ DELYN LINK

Morris Vulcan, the Solihull-based toys group, has invited Delyn Packaging of Caerphilly to provide local management expertise and assist in the running of its Triang toys subsidiary at Merthyr Tydfil, South Wales.

Delyn will have the option of acquiring 32 per cent of the equity of Triang at the end of a six-month period. The Welsh Development Agency has also agreed to provide loan funds of £75,000 to support the expansion of the business.

LONDON TRADED OPTIONS

October 14 Total Contracts 3,353 Calls 3,033 Puts 320

Option	Ex'cise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	62	71	72	5	82	—	320p
BP (c)	280	42	60	52	10	64	1	"
BP (c)	300	24	149	38	155	48	—	"
BP (c)	330	5	59	20	134	29	4	"
BP (p)	260	1½	—	3	20	6	—	"
BP (p)	300	3	11	14	—	20	1	"
BP (p)	330	16	3	24	10	28	1	"
CU (c)	120	18	3	22	—	27	—	135p
CU (c)	130	9	74	16	24	18	—	"
CU (c)	140	4	155	11	193	14	—	"
Cons. Gld (c)	420	47	—	60	8	85	18	459p
Cons. Gld (c)	460	13	26	50	6	66	—	"
Cons. Gld (c)	500	8	—	24	19	38	—	"
Cons. Gld (p)	420	3	—	15	2	30	—	"
Ctlds. (c)	70	11	1	14	—	16	—	80p
Ctlds. (c)	80	3	10	7½	5	9	—	"
GEC (c)	1000	235	—	255	—	295	1	1219
GEC (c)	1100	135	—	165	1	215	1	"
GEC (c)	1200	45	—	96	1	150	5	"
GEC (c)	1300	7	2	—	—	—	—	297p
Gr'd Met. (c)	220	85	3	85	—	—	—	"
Gr'd Met. (c)	260	39	50	45	—	48	—	"
Gr'd Met. (c)	280	12	4	29	1	35	—	"
Gr'd Met. (c)	300	7	50	20	5	26	—	"
Gr'd Met. (c)	330	2	5	7	67	11	3	"
Gr'd Met. (p)	300	11	—	16	4	20	4	"
Gr'd Met. (p)	330	35	16	38	1	41	—	312p
ICI (c)	260	52	3	64	—	70	—	"
ICI (c)	280	32	—	45	11	54	—	"
ICI (c)	300	14	281	32	7	35	18	"
ICI (c)	330	3	6	15	25	16	2	"
ICI (p)	300	7	—	15	2	24	—	"
ICI (p)	330	24	9	30	—	36	1	"
Land Sec.(c)	280	4	53	17	—	25	7	276p
Land Sec.(p)	280	9	25	12	—	16	—	"
Mks & Sp.(c)	180	26	2	30	2	35	—	202p
Mks & Sp.(c)	200	7	—	18	6	22	—	"
Mks & Sp.(c)	220	2	—	9	29	14	1	"
Mks & Sp. (p)	200	7	—	11	4	13	—	"
Mks & Sp. (p)	220	21	—	22	6	24	—	"
Shell (c)	390	52	34	60	25	66	9	440p
Shell (c)	420	23	74	38	47	48	3	"
Shell (c)	460	3	6	16	47	22	2	"
Shell (p)	480	3	7	17	9	24	—	"
		November		February		May		
Barclays (c)	360	28	2	40	—	55	—	380p
Barclays (c)	417	4	104	—	—	—	—	"
Barclays (c)	420	4	8	11	—	—	—	"
Imperial (c)	90	22	—	27	—	32	6	118p
Imperial (c)	100	13	3	17	6	19	—	"
Imperial (c)	110	6	81	12½	8	18	—	"
Imperial (c)	120	6½	10	9	16	10	—	"
Imperial (p)	110	5	—	7	—	9	1	"
Imperial (p)	120	11	—	16	—	16	6	"
Lasmo (c)	360	30	58	47	3	65	—	364p
Lasmo (c)	390	11	10	35	2	45	1	"
Lasmo (p)	330	7½	4	14	—	27	—	"
Lasmo (p)	360	17	7	30	1	45	—	"
Lasmo (p)	390	46	90	62	—	65	—	"
Lonrho (c)	80	13	41	18	16	24	6	90p
Lonrho (c)	90	6½	226	12	12	16	8	"
Lonrho (c)	100	2	20	6½	8	8	27	"
Lonrho (p)	100	10	1	12	17	16	—	574p
Racal (c)	550	44	—	72	1	90	—	"
Racal (c)	600	16	8	42	—	60	—	"
Racal (p)	500	3	1	7	—	16	—	"
Racal (p)	550	11	—	25	—	32	—	"
Racal (p)	600	35	9	45	1	55	—	"
RTZ (c)	366	100	6	110	—	—	—	452p
RTZ (c)	390	70	1	80	—	95	—	"
RTZ (c)	420	47	66	64	7	67	—	"
RTZ (c)	460	19	122	35	8	40	1	"
RTZ (p)	460	28	25	40	—	47	—	"
Vaal Rfs. (c)	70	10½	—	16	4	19	16	$79
Vaal Rfs. (c)	80	5½	20	9½	12	11	3	"
Vaal Rfs. (p)	80	4½	10	7½	—	9	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$325	6	132	—	—	—	—	$453.50
GOLD C	$350	—	—	61	118	2	127 B	"
GOLD C	$375	2	82 B	—	—	—	—	"
GOLD C	$400	11	54	11	77	—	—	"
GOLD C	$425	35	37.50	82	50	—	78	"
GOLD C	$450	182	22	259	49	59	61 B	"
GOLD C	$475	156	12	64	32	2	—	"
GOLD C	$500	70	7.50	30	22	—	—	"
GOLD C	$550	16	2	27	13	17	83	"
GOLD P	$350	2	1.50	25	4	—	—	"
GOLD P	$375	23	2.50	9	12	—	—	"
GOLD P	$400	1	6.50	23	18	—	—	"
GOLD P	$425	37	11	25	25	10	29 A	"
GOLD P	$450	14	23	23	39	—	—	"
12¾ NL 81 87-91								
C	F.112.50	814	4.80	850	5.40	—	—	F.117.50
C	F.115	157	2.70	915	2.80	5	3.70	"
C	F.117.50	10	1 A	105	1.80	56	2.20	"
P	F.112.50	—	—	—	—	500	0.50	"
P	F.115	100	0.20	—	—	100	1.50	"
P	F.117.50	—	—	146	3	61	2.40 B	"
10¾ NL 80 86-95								
C	F.100	60	4.50	—	—	—	—	F.104.50
P	F.105	100	0.70	—	—	—	—	"
11¼ NL 82 88-92								
C	F.100	30	7	—	—	—	—	F.107.30
C	F.102.50	15	4.60	61	5.20	—	—	"
C	F.105	167	2.30	—	—	26	3.50	"
C	F.107.50	835	0.50	55	1.80 A	20	2.20 A	"
10 NL 82 86-89								
C	F.100	50	1.30	40	2.50	—	—	"
P	F.102.50	—	—	50	1.50	—	—	"
10½ NL 82 86-89								
C	F.102.50	248	0.90	—	—	—	—	F.102.70
10 NL 82 86-89								
C	F.102.50	200	0.80	—	—	—	—	F.101.90
		Oct.		Jan.		April		
ABN C	F.250	164	1.50	66	11	—	—	F.261
ABN C	F.280	—	—	—	—	36	6	"
AKZO C	F.25	60	2 A	89	3.60	—	—	F.26.90
AKZO C	F.27.50	74	0.20	166	1.50	—	—	"
AKZO C	F.30	—	—	316	0.70	—	—	"
AKZO P	F.27.50	—	—	30	1.50	—	—	"
AMRO C	F.40	50	1.80	178	3.50	—	—	F.41.90
AMRO C	F.45	—	—	—	—	32	1.30	"
AMRO P	F.40	—	—	40	1.60	—	—	"
HEIN C	F.65	45	17	—	—	—	—	F.71.80
HEIN C	F.70	66	2	—	—	44	5.20 A	"
HEIN C	F.80	—	—	—	—	60	0.50	"
HEIN P	F.70	—	—	29	2.10	—	—	"
KLM C	F.90	179	3.50 A	117	7.20	—	—	F.93.10
KLM C	F.100	135	0.10	154	3.70	50	6.60	"
KLM C	F.110	—	—	161	1.80	—	—	"
KLM P	F.80	—	—	49	1.30	—	—	"
KLM P	F.90	38	0.20	67	3.50	—	—	"
KLM P	F.100	—	—	26	8.60	—	—	"
NEDL C	F.110	39	3.50	38	8	—	—	F.116
NEDL C	F.120	—	—	127	2.50	—	—	"
NATN C	F.110	—	—	65	4	9	69	F.109.80
PHIL C	F.22.50	79	5.30	29	5.20	—	—	F.27.70
PHIL C	F.25	276	2.70	209	2.90	256	3.20	"
PHIL C	F.27.50	1409	0.40	508	1.50	1188	1.90	"
PHIL P	F.25	—	—	49	0.40	80	0.60	"
PHIL P	F.27.50	—	—	85	1	83	1.50	"
RD C	F.90	817	8.30	183	10	47	11	F.98.20
RD C	F.100	1356	0.50	1074	4.20	74	5.60	"
RD P	F.80	—	—	50	0.30	—	—	"
RD P	F.90	—	—	336	1.20	40	2	"
RD P	F.100	65	1.90	84	6	69	6.50	"
UNIL C	F.200	—	—	135	4 A	2	7.60	F.189.50
UNIL P	F.160	—	—	—	—	50	2.30	"
UNIL P	F.170	—	—	89	4	—	—	"
UNIL P	F.180	—	—	14	8.50	30	11	"

TOTAL VOLUME IN CONTRACTS 17,655

A=Asked B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday Oct. 13 1982	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	45,718,393	+ 749,006
Bankers Deposits	590,426,084	+ 173,456,279
Reserve and other Accounts	1,891,014,396	— 56,557,278
	2,541,711,873	+ 117,870,007
Assets		
Government Securities	532,816,544	+ 170,960,000
Advances & other Accounts	1,237,439,949	— 47,108,502
Premises Equipment & other Secs.	732,865,827	— 2,696,148
Notes	24,380,284	— 3,345,991
Coin	212,271	— 29,352
	2,541,711,875	+ 117,870,007

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,825,000,000	— 50,000,000
In Circulation	10,800,919,716	— 46,654,009
In Banking Department	24,380,284	— 3,345,991
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,097,691,260	— 551,843,959
Other Securities	8,716 293,670	+ 501,843,959
	10,825,000,000	— 50,000,000

TECHNOLOGY

EDITED BY ALAN CANE

Trevor Humphries

COMPUTERS MEAN BETTER VIDEO FILMS

Molinare's central route

BY ELAINE WILLIAMS

IN A building which was once a chapel lies one of the most sophisticated computer controlled video and audio complexes in Europe.

It has been installed by Molinare, a rapidly expanding service company for the broadcasting industry.

Molinare hires out its staff and equipment to radio, television and commercial companies to produce and edit programmes and commercials. In the past six months its mobile broadcasting units have covered everything from interviews with MPs during the Falklands crisis to coverage of Kevin Keegan's first goal for Newcastle United.

Molinare has spent £4m on its computerisation programme. This brings the company's total investment in hardware to over £7m. But the company is continually looking for the latest and the best equipment around simply to keep up with its customers' demands.

Choice of the right equipment is crucial because a company such as Molinare runs the risk of buying equipment which will become obsolete too soon. A mistake can be very costly; individual items of video equipment can cost £500,000.

Molinare carries out a wide variety of work such as providing editing facilities for programmes produced for Channel 4, daily live broadcasts by satellite to European cable operators, television and radio commercials to corporate slide presentations.

It even provides facilities for small independent video producers at around £300 an hour. While I visited Molinare, David and Kathy Rose who run a new production company called Video Business were putting the final touches to the sound track of a promotional video film to support the launch of a pop group's new record.

Elsewhere in the building, executives from the Daily Mirror newspaper group were viewing the newspaper's latest batch of advertising clips. But I was diplomatically kept out of the area to avoid a confrontation with a rival newspaper.

The heart of Molinare's new system is an enormous bank of equipment called a central routing system. This machine, made by Grass Valley in the U.S., is rather like a computerised telephone exchange.

It connects together the company's three video studios, four video editing studios, three computer graphics machines, six sound studios, 10 cameras, and outside telephone lines.

The central router also allows editors and producers to operate Molinare's bank of 25 computer-controlled, professional tape recorders from any control console in the building and, if necessary, from a keyboard at the end of a telephone line.

Though the investment makes Molinare one of the largest of its kind in Europe, Mr Stefan Sargent, the company's founder, emphasises the importance of technology as a tool to creativity. "If I had to choose between great people or great facilities, I would choose people every time."

Mr Sargent said: "We have not built a temple of new technology because computers and digital effects are wonderful things in their own right. This new facility is simply an aid to communication."

Mr Sargent looked at one of the VDU screens and pointed at the list of numbers: "That makes me feel very happy. It shows how much work we have today and therefore the amount of money that's coming in."

Certainly Mr Sargent's strategy seems to have worked so far. The nine-year-old company had grown from a three-man operation into an organisation employing more than 100 people. This year the company hopes to have a turnover of £5.5m instead of £3.5m in 1981.

Mr Sargent has designed the computer system to cope with future expansion—though one suspects the already crowded building the company occupies today will be the limiting factor not the technology.

PHILIPS CLAIMS SUPERIORITY IN CELLULAR RADIO

'Chaos' in radio licensing

BY GEOFFREY CHARLISH

PHILIPS CLAIMED in London this week that the cellular radio system developed by its Tekade subsidiary in Germany can offer a subscriber capacity several times that of the competition.

As it had been designed in Europe, for Europe, intending UK operators should think twice before choosing systems designed for other environments.

According to Dr J. A. Zachariasse, chairman of the Philips mobile radio management committee: "We now have almost complete chaos."

He was talking about the licensing scramble now in progress in the UK and the choices facing the applicants for the operation of Britain's two new cellular systems which, in their ultimate realisation, will allow anyone, regardless of location, to dial into the phone network from his car.

Conventional mobile radio-telephone systems use one transmitter to cover a large city area; they soon run out of speech channels (frequencies) since only a few hundred can be accommodated in the VHF and UHF frequency bands allocated by the Government. Most cities in developed countries have long waiting lists of would-be users.

Tracking

In addition, those frequencies can be re-used only in distant cities because of the danger of mutual interference from the relatively powerful transmitters that have to be used.

Cellular radio uses a number of low power transmitters in "cells" perhaps only a mile or two across. When a vehicle moves into another cell a computer, which has been tracking it, allocates a new channel and it then works into the new cell's transmitter. Big cities have many cells with many channels, rural areas large cells with just a few frequencies. Given system standardisation, a car could move from Scotland to Italy and always be able to dial in.

It would be "handed off" from cell to cell and from city to city. In MATS-E for example, each cell's base station is phone-line connected to local controllers, in turn connected for system management purposes to regional controllers and an operations centre. Local units have direct access to public exchanges for call traffic. All use a fast computerised switch from CIT-Alcatel, the Phillips MATS-E associate.

But in a European system all such networks, regardless of maker, would have to be compatible.

It is clearly this kind of standardisation in which Philips, and its UK subsidiary Pye Telecommunications, are interested. So they held a "UK Cellular Radio Seminar" and invited most of the interested parties, including the competition.

The event was described by one delegate as "some rather late play by the home team"—a reference perhaps to the fact that the Philips system at least originates in the EEC whereas the others come from Japan (NTT), the U.S. (AMPS) and Scandinavia (NMT).

The essence of the Philips case is that MATS-E is designed for Europe and is compliant with CEPT (Conference of European Postal and Telegraph Administrations) draft proposals for a post-1990 system—tentative as those proposals may be at the moment.

Furthermore, the company claims that MATS-E can offer a subscriber capacity nearly three times that of AMPS and twice that of NMT, largely because of better and more suitable technical design.

However, the Barbican seminar was an entirely open one and so was unique in the cellular story so far. Thus it was that Ron Tridgell, of British Telecom's radio department, was asked to offer an opinion. He said he would take the MATS-E proposals away and study them—which is not without significance since BT is of course, in a consortium with Securicor to run the "non-private" system.

But Tridgell, while agreeing that MATS-E could offer higher capacity, commented that it was "still only a collection of ideas. We have no full frontal to date."

He thus encapsulated a serious problem for Philips, that MATS-E is still in development and has no trials experience such as the AMPS Chicago exercise to back it up.

Tridgell said that it looked as if a large number of firms were interested in making equipment to the AMPS standard, presumably for world exporting reasons, but he emphasised that in the UK and Europe, a channel spacing of 25 kHz is standard while AMPS uses 30 kHz. As yet he said, the U.S. experts were not in agreement on how to shift AMPS to 25 kHz.

In any event, Philips made some pretty clear cut comparisons with the other systems. It claims for example, that in central London, with coverage by the two proposed systems of 150 channels each, using "a typical 12 cell configuration," AMPS would yield 8000 channels, NMT 15,600 and MATS-E 23,600. These capacities says Philips, have been calculated under identical conditions for each system and they mean that "AMPS will be channel-bound by 1987, NMT by 1988 and MATS-E by 1990."

Technically, says the company, MATS-E achieves the additional capacity mainly by using as little useful speech channel time as possible for the numerous digital messages and instructions that have to go between mobile and base stations to "manage" the system. Instead, it condenses all this information into a few dedicated control channels. In addition, it allocates channels in the most efficient way (uses high efficiency trunking, in the jargon), queues calls without using channel time and, due to its 25kHz channel spacing as opposed to 30kHz for AMPS, reduces constraints due to adjacent channel interference.

It seems evident that Philips feels there has been undue haste in moving towards UK decisions, which are targeted for publication in the second week in December.

Zachariasse says: "Britain and Europe cannot afford to make the wrong decision," and makes a parallel with the choice of colour TV system in the 60s, basically between NTSC and PAL. "We waited for the better system," he said.

Philips says it can produce the first pre-production units of MATS-E in the second quarter of 1984, ready for the national on-air requirement of early 1985.

Office

Word processor with novel features

PHILLIPS HAS released details of a new word processor called Prospect which had the design objective of being a dedicated, highly capable machine which would be smaller, lighter and more economically priced than existing machines.

Disc, Zilog Z80 processor and screen are in one housing, to which a stand-alone keyboard and 40 ch/sec bi-directional are cable connected. The screen offers 31 lines at 80 ch/line with the ability to scroll 94 lines vertically and 250 horizontally.

Prospect works with the existing word processing package developed for the company's P5000 small business computer. More on 0206 575115.

Software

Irish eye rag trade development

DATAMODE COMPUTER Services of London, which has specialised in computer systems for the clothing industry has been awarded a major export contract to Ireland for software which considerably expands the facilities available on the company's existing offerings.

The contract has been awarded by W. P. McCarter of Ducrana, Co. Donegal and includes knitting and dyeing control—required because of the vertical nature of the McCarter operation.

The facilities include long term production planning, weekly departmental schedules and production monitoring.

The system will run on a DEC minicomputer and installation is expected in December.

Finishing

Grout used to repair polishers

THE ABRASION resistant surfaces of deburring and polishing machines can be repaired with grouting compound, a French manufacturer has discovered.

The grout used was Irathane 255 from Irathane International (0276 26466). The repair work can be done in a weekend without having to disassemble the equipment.

First a coating of Irabond adhesive is applied then the grouting compound is added using a trowel; provided the worn metal, rubber or polyurethane surfaces were clean and dry, the grout formed a tough, continuous coating of equal or greater strength than the original.

PERSONAL COMPUTING

IBM's bureau move

BY ALAN CANE

APPLICATION SYSTEMS (AS), IBM's personal language for computing illiterates, will now be offered as a licensed program product which can be run on customer's own IBM computers.

It is the first proprietary program from IBM's bureau service to be offered in this way; previously, it was only available to customers as a bureau service for end-user computing applications.

Customers' data files have been held on an IBM host computer at one of its data centres—as is the customary practice in bureau operations.

Now IBM intends to license a version of AS for customers to use on their own 4300 series machines—IBM's best selling medium range computers.

According to Mr Vyv Lewis, staff manager, remote computing services, the move indicates IBM's recognition of the way the bureau services market is moving: "A customer who developed an application on AS through the bureau would be involved in conversion to another language if he wished to take the application in-house. Furthermore bureau revenues would cease. This way the customer does not have to convert and we sustain revenues."

AS—a UK invention devised by Mr Tony Temple of IBM is described as an intelligent filing cabinet.

IBM says: "The concept of AS is based on the principle of making the computer available to the businessman—no longer is it essential to involve data processing professionals every time you wish to implement or modify an application." IBM's move in AS is likely to be an extension of its earlier decisions to place less emphasis on the data processing centre. Last year, it introduced the concept of "Information Centres" equipped with 4300 series machines where information could be made available quickly to executives.

As AS is a tool IBM has designed for personal computing by executives, it makes sense to make it available in company information centres, rather than only as a bureau service.

There is also a new computer program making project control effective as part of an AS network. More details from IBM Bureau Service 0926 32525.

COMMODITIES AND AGRICULTURE

Fertiliser consumption declining

U.S. FERTILISER consumption in 1982-83 (July/June) will decline 3 per cent after a drop of 7 per cent the previous year, according to Mr William Turner, executive vice-president of International Minerals and Chemical Corporation's fertiliser group.

Mr Miller told an American Mining Congress meeting that it may be 1984/85 before U.S. grain acreage and prices recover enough to raise fertiliser consumption back to the record level reached in 1980/81.

MR VALENTIN MESYATS, the Soviet Agriculture Minister, said the 1982 Soviet grain harvest would "not be remarkable." He added that "unfortunately there will not be a record harvest."

BRITISH COPPER consumption in all forms fell to 33,834 tonnes in August from 37,776 in August 1981, according to figures released by the World Bureau of Metal Statistics. UK consumption of lead in all forms was 21,570 tonnes in August against 21,557 in August 1981.

SLOWER RECOVERY than expected in world textile activity has prompted the U.S. Agriculture Department to lower its forecast of world mill use of cotton to 67.3m bales (of 480 lb) from 67.7m bales last month. The U.S. Agriculture Department consequently raised its forecast of 1982/83 world cotton carry-over stocks to 27.4m bales from the 27.0m forecast in September.

MALAYSIA'S Agriculture Minister is no longer encouraging farmers to plant coconut following a slump in prices on the world market, Luhat Wan, Deputy Agriculture Minister, said yesterday.

PHILIPPINES sugar exports were 712,000 tonnes raw value in the first six months of 1982, down 19 per cent on the comparable 1981 figure of 877,000 tonnes.

Copper up to year's high

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES advanced to the highest level since November last year on the London Metal Exchange yesterday. The higher grade cash price gained £25.5 to £891 a tonne retaining a slightly smaller premium over the three-months quotation, up £27 to £889.

However, the upsurge in the market, which was expected to go over £900 a tonne, was halted when heavy selling emerged at the higher price levels from an influential trade source that had previously bought substantial quantities.

Nevertheless, the market remains buoyant mainly as a result of sustained buying of spot supplies in both London and New York, by a powerful buying group, previously associated with the attempt to control the tin market. On this occasion, the buying is believed to be mainly a technical manoeuvre to take advantage of a possible shortage of immediately available supplies.

At the same time, the rise in prices has come at the right time for producers negotiating supply contracts for next year. But there is reported to be strong resistance from consumers to pressure from Zambia for a rise in the premium, over the LME price paid for producer copper, from £15 to £20 a tonne.

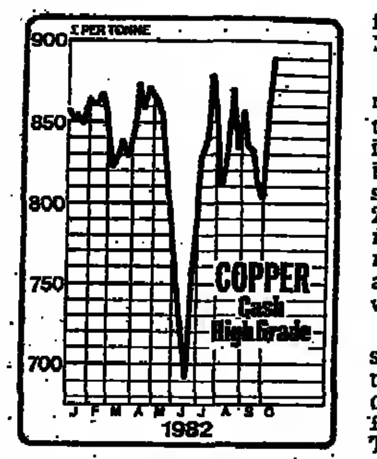
Several U.S. producers announced further rises in their domestic copper selling prices. Asarco, led the way with a 2 cents increase to 72 cents a lb, followed quickly by Kennecott Minerals.

Meanwhile, silver and platinum prices surged ahead yesterday, encouraged by the rally in gold and strong speculative interest. The London bullion spot price for silver rose by 27.2p to 573.4p an ounce at the morning fixing and the sterling price was raised by a further 20p in the afternoon. Only 10 days ago it was below 475p.

Free market platinum rose sharply too. The dollar quotation jumped by $28 to $371 an ounce and the sterling price by £16.40 to 216.95p an ounce. Traders said that the market was in the grip of speculators, since there was little change in the fundamental supply-demand situation.

It was noted that both platinum and silver, as industrial based metals, had previously lagged behind gold.

Historically, platinum has been at a higher price than gold and the ratio between silver and gold remains for wider than in the past.



Bacon price cuts likely next week

By Richard Mooney

AT LEAST one leading British supermarket chain will be trimming 12p a lb off its British bacon rasher prices next Monday following a £40 a tonne cut in wholesale prices announced yesterday, according to FMC, the country's biggest bacon company.

The British Bacon Bureau said all British curers were reducing first-hand prices from £1,430 to £1,390. This will widen the gap against the Danish bacon price which remains unchanged at £1,470.

Bacon merchants were sceptical whether the move would actually affect shop prices. They suggested that with demand slack the same result might have been achieved through greater discounts being offered against the official wholesale level.

But FMC insisted that the cut would result in tangible benefits for consumers. While only one company was committed to cutting prices, others were bound to follow, it said.

Grain exports plea by France

MOSCOW—Mme Edith Cresson, the French Farm Minister, yesterday called for increased French farm exports to the Soviet Union to help correct what she described as a worrying imbalance in bilateral trade.

She made her call at the official opening here of the Agro-Prom fair. Replying to a welcoming speech by Mr Valentin Mesyats, Soviet Farm Minister, she said France was anxious to increase exports of farm produce and agricultural equipment.

Reuter

FARMER'S VIEWPOINT

The intervention game

FOR THE first time in my life I have been engaged in mountain building. Some 200 tonnes of my wheat has been taken by the Intervention Board for Agricultural Produce. In the fullness of time and after the requisite paper work has been achieved, I should be paid for it. I have in the past deplored the EEC's propensity for putting food into heaps about the place. But, faced with an over-supplied market and the need for a good price, my scruples in these matters—never very strong—have had to beat a retreat.

Mind you, like all good things in life, "building" wheat mountains is not all that easy. The Home Grown Cereals Authority, Britain's agency for the job, issues a booklet of some 50 pages, including nine annexes. Which, if you spend some time assimilating the rules, should guide you to the promised destination.

This is quite an attractive destination. The wheat was to be delivered in September, and the price indicated for that month was £124.44 per tonne delivered to the nearest store. This was for wheat of bread-making quality. The best price I could get paid for it then was about £110 per tonne at farm. My nearest intervention store is 30 miles away and after the cost of transport would mean my receiving about £121 per tonne.

The first step was to offer it to the board. A relatively simple job on a quadruplicate form which like all official documents failed to have enough copying-power to go through to the last page. Bread-making wheat also has to be accompanied by a cheque for £100 for what is called the machinability test. I had tried this two years ago when the test cost only £70, and failed.

This is what is called a dough-making or machineability test in which a sample is ground up and made into dough and then judged for its bread-making qualities. About half the samples tested this year have been passing, but in previous years the figure has been less. In France though, I gather that over 90 per cent of samples of equivalent wheats have habitually passed.

One despairs of the difficulties of ever harmonising standards between members of the Community. Or is it that when it comes to drawing money out of the Common Farm Fund (Feoga) French administrators bend over backwards to secure the cash for their countrymen, while the British seem to do their best not to?

Arbitrary

I had given the sample every chance to pass. The strain was Avalon, a milling variety. The bushel weight was high, as was the protein level (11.1 per cent) and what is called the "falling Hagberg" test. Moisture was 14.6 well within the 15 per cent maximum for acceptability.

Then followed an anxious fortnight waiting for the results, during which a number of Job's comforters warned me of the perils attending delivery.

One of these was moisture. If, they told me, the wheat on arrival at the store was over 14.5 per cent but under 15 per cent, the load would be held to enable an oven test to be made. This would take four hours and the lorry would charge demurrage. Then it might be turned down by arbitrary silo manager for some other cause, like admixtures or split grain.

That would be expensive. For a rejected load I would have to pay the full carriage both ways. If it were accepted only had to pay the equivalent of carriage to Southampton, about 30 miles away. As a precaution I arranged with a friendly compounder based near Bristol to take any loads turned down. There would be no point in bringing them home.

To make doubly sure, I re-dried the wheat before loading it down to about 13 per cent. This did cost a bit, but under the system laid out in the booklet I would receive a bonus of 2½ per cent of the reference price of £129.368 per tonne, say £3.22, which should pay for the loss in weight and drying costs. I received another 1 per cent for high bushel weight as well. No buyers that I know of here—miller, maltster or even compounder—will pay for these quality standards.

After arranging transport all that was needed was to load the lorries as they came in. I have nothing against the bulk haulage industry as such, but there is no doubt that expecting them to be where they should be at a fixed time is no more than a pious hope. Not only did they come at the wrong time, but often on the wrong day. Once loaded, however, they just had to haul it away.

I suppose it has all arrived. The haulier says his sub-contractors have not sent in their bills, the Home Grown Cereals Authority is trying to process the results, but a fortnight after the last load I have heard nothing. Trust is a wonderful thing, and in about two months I should see a cheque.

One certainty is that my contribution of 200 tonnes will be no more than a pimple on the cost of the million tonne "mountain" of barley and wheat already collected.

John Cherrington

Absorb surplus sugar, EEC told

BY LARRY KLINGER IN BRUSSELS

CONCERTED ACTION on the stockpiling of sugar surpluses to halt the slide in world market prices was urged yesterday by the International Sugar Organisation (ISO) in talks with the European Commission in Brussels.

The ISO, which mainly represents Third World producers, has already authorised its exporting members to increase stockpiling by up to 50 per cent more than its legally-binding 2.5m-tonne stock commitments.

Mr. William Miller, the ISO director, yesterday called on the EEC to provide "parallel" action to stabilise the world market.

Talks were continuing last night between the Commission and EEC beet producers and sugar manufacturers in an effort to find a way in which farmers could voluntarily agree to store more surplus sugar without significant financial damage to themselves or the EEC budget.

The situation is also made more difficult by growing fears that expected bumper EEC harvests in the range of crops attracting subsidies could put a severe strain on EEC finances.

Last year, EEC farmers, under pressure from the Commission, agreed to stockpile nearly 1m tonnes of non-quota output to bring the total sugar withheld from the world market by the EEC to about 1.7m tonnes.

Meanwhile, this year's EEC harvest is expected to yield upwards of 13.5m tonnes against summer predictions of between 11.75m and 12m tonnes. Although down on last season's record harvest of 15m tonnes, this could still leave about 5.5m tonnes available for export on a falling world market.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 14 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt.	$940/970		$880/930
Copper			
Cash h grade	£891	+25.5	£836
3 mths	£888.5	+27	£854.75
Cash Cathode	£856	+24	£809.5
3 mths	£855.5	+25.25	£831
Gold troy oz	$451.5	+20	$447.5
Lead Cash	£298.5	+5	£298.5
3 mths	£309.25	+5.5	£309
Nickel	£4133.5		£4021.5
Free mkt	185/215c		195/220c
Platin'm troy oz	£216.95	+16.4	£199.25
Freemkt	$350/435		$366.35
Quicksilver	$360/375		$366/376
Silver troy oz	573.40p	+27.2	535.60p
3 mths	585.40p	+27.2	548.20p
Tin Cash	£7292.5	+50	£7265
3 mths	£7252.5	+24.5	£7210
Tungsten	$108.24		$111.45
Wolfrm 22.04 lb	$94/98		$92/103
Zinc Cash	£450.5	+4	£443.5
3 mths	£460.375	+4.375	£448.25
Producers	$800/850		$800/850

	Oct. 14 1982	+ or —	Month ago
Oils			
Coconut (Phil)	$420w	+7.5	$430
Groundnut	$490w	+5	$540
Linseed Crude	£320		£380
Palm Malayan	$350w		$390
Seeds			
Copra Philip	$275w	+5	$285
Soyabean (U.S.)	$289	+0	$235.25
Grains			
Barley Fut. Jan	£111.70	—0.10	£107.35
Maize	£138.00		£138.00
Wheat Fut. Jan	£115.95	+0.05	£112.05
No.2 Hard Wint			
Other commodities			
Cocoa ship't	£1008	+1	£1,034
Future Mar	£1053	—1.5	£1093.5
Coffee Ft. Jan	£1440.5	+24	£1,224.5
Cotton A.index	72.05c	+0.5	73.85c
Gas Oil Nov	£321.25	+1	£310
Rubber (kilo)	54p	—1	49.75p
Sugar (Raw)	£96w	—2	£93
Woolt'ps 64s kl	365p kilo		372p kilo

† Unquoted. u Sept-Oct. v Nov. w Oct-Nov. x Nov-Dec. y Dec. z Per 16-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	33.50-33.60	—0.15
Iranian Light	31.00-32.00	
Arabian Heavy	30.60-30.80	—0.25
North Sea (Forties)	34.40-35.25	+0.27
African (Bonny Lt'ht)	35.00-35.55	+0.10
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	345-347	—4.0
Gas oil	323-325	+4.5
Heavy fuel oil	175-170	+0.5

GAS OIL FUTURES

New York's very strong close led to a firm opening, with prices on the near months moving rapidly to contract highs. A lacklustre physical market held prices in check and the market dropped back, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct	319.25	+0.25	320.00-18.00
Nov	321.25	+1.00	322.25-21.25
Dec	322.75	+0.50	323.75-23.00
Jan	321.25	+2.25	321.50-20.25
Feb	315.50	+2.50	316.00-14.50
March	315.00	+0.50	316.00-12.50
April	308.00	+5.50	—
May	306.00	+5.50	—
June	306.00	+6.00	—

Turnover: 2,484 (1,468) lots of 100 tonnes.

GOLD MARKETS

Gold rose $20 an ounce from Wednesday's close in the London bullion market yesterday to close at $451-452. The metal opened at $447-448 and was fixed at $448.0 both in the morning and afternoon. The range for the day was $443-459. The firmer trend was helped by increased demand as New York entered the market with the recent fall in interest rates and the dollar seen as the basic factors underlining recent strength.

In Frankfurt the 12½ kilo bar was fixed at DM 36,035 per kilo ($446.00 per ounce) against DM 34,650 ($430.01) and closed at $450-452 from $430-432.

In Paris the 12½ kilo bar was fixed at FFr 101,000 per kilo ($441.92 per ounce) in the afternoon compared with FFr 100,000 ($438.45) in the morning and FFr 97,000 ($425.65) on Wednesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $445 from $429.

In Zurich gold finished at $450-453 from $430-433.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
October	263.00-4.75	+15.87	263.00-0.00
November	264.25-5.00	+14.77	265.00-2.25
December	266.00-6.45	+15.75	266.50-3.00
January	268.00-9.00	+16.75	266.50-5.00
February	270.50-2.00	+14.75	—
March	273.00-4.50	+11.25	—
April	274.50-5.50	+13.50	—

Turnover: 160 (97) lots of 100 troy ounces.

	Oct. 14		Oct. 13	
Gold Bullion (fine ounce)				
Close	$451-452	(£264.264½)	$431-432	(£251¾-252¼)
Opening	$447-448	(£260¾-261¼)	$434-435	(£253-253½)
Morning fixing	$448	(£261.426)	$435.25	(£253.313)
Afternoon fixing	$448	(£262.295)	$428.75	(£250.146)

Gold Coins Oct. 14					
Krugrnd	$456-467	(£267¼-267¾)	King Sov	$104¼-106¼	(£61-62)
½ Krug	$236-237	(£138¼-138¾)	Victoria Sov	$104¼-106¼	(£61-62)
¼ Krug	$120¼-121¼	(£70¼-71)	French 20s	$371-324	(£51-52)
1/10 Krug	$49-50	(£28¾-29¼)	50 pesos Mex	$559-561	(£315-317)
Mapleleaf	$467-469	(£267¾-269)	100 Cor. Aust	$430-435	(£252-255)
New Sov	$104-105	(£61-61½)	$20 Eagles	$485-490	(£284¼-287¼)
½ New Sov	$62-64	(£36½-37½)			

EUROPEAN MARKETS

ROTTERDAM, Oct. 14.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Nov 134. U.S. No Three Amber Durum Oct 167.50, Nov 173, Dec 176. U.S. No Two Northern Spring 14 per cent Oct 172, Nov 174, Dec 176, Jan 180.

Maize—(U.S. $ per tonne): U.S. No Three Yellow spot 114 afloat 118, Oct 103.25, Nov 103.50, Dec 103.50, Jan/Mar 121, April/June 116 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 217, Nov 216, Dec 220, Jan 225, Feb 229.75, Mar 231.75, April 234, May 236, June 237, July 238, Oct 236, Nov 236 sellers. Argentine June 233.50, July 234 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 192-193, Oct 192-193, Nov 191-192.50, Dec 193, Jan/Mar 197, April/Sept 202 traded; afloat 194-50, Oct 194, Nov 193, Dec 194, Jan/Mar 199, April/Sept 203, paid sellers. Pellets Brazil afloat 195 Oct 195 traded; afloat 196.50, Oct 197, Nov 205, Dec 208, Jan/Mar 215.50, April/Sept 213 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES surged ahead on the London Metal Exchange with values again boosted by the strength of gold, silver and platinum. Copper touched £891, three months, but failed to make further headway owing to heavy trade selling pressure above £890. Lead moved up to £314 and closed at £308 with U.S. producer selling evident in the afternoon while Zinc was finally traded at £461.5. Tin closed at £7,250. Cathodes at £573.5 and Nickel at £2,377.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	884-6	+26.5	890-2	+25.5
3 months	877-.5	+21.7	889-90	+27
Settlem't	886	+26	—	—
Cathodes				
Cash	857-8	+21.5	855-6	+24
3 months	858-.5	+20.5	855-.5	+25.2
Settlem't	858	+22	—	—
U.S. Prod.	—	—	*64-70	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £889.00, 81.00, 88.00, 85.00, 84.00; three months £877.00, 77.50, 78.00, 79.00, 80.00, 79.00, 78.00, 77.00. Cathodes, three months £857.00, 58.00. Kerb: Higher grade, three months £877.00, 78.00, 77.50, 78.00. Afternoon: Higher grade, cash £890.00; three months £881.00, 90.00, 89.00, 89.50, 88.00, 90.00, 89.00, 89.50, 89.50, 89.00, 89.50, 89.00. Cathodes, three months £856.00, 56.00, 55.00. Kerb: Higher grade, three months £888.00, 87.00, 88.00, 89.00, 88.50, 88.00, 87.00, 88.50, 88.00, 88.50, 88.00, 87.00, 88.00, 89.00, 90.00, 91.00. Turnover: 37,375 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7290-5	+45	7290-5	+50
3 months	7255-60	+14	7250-5	+24.5
Settlem't	7295	+45	—	—
Standard				
Cash	7290-5	+45	7290-5	+50
3 months	7255-60	+14	7250-5	+24.5
Settlem't	7295	+45	—	—
Straits E.	£29.15	—	—	—
New York	—	—	—	—

Tin—Morning: Standard, cash £7290, three months £7260, 45, 50, 55. Kerb: Standard, cash £7280; three months £7250, 55, 60. Afternoon: Standard, cash £7300, 05; three months £7260, 55. Kerb: Standard, three months £7250. Turnover: 2,020 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	298-.5	+4.75	298-.5	+5
3 months	308-.5	+3.25	309-.5	+5.5
Settlem't	298.5	+5	—	—
U.S. Spot	—	—	*24.5-29	—

Lead—Morning: Cash £300.00, 299.00; three months £311.00, 12.00, 13.00, 14.00, 13.00, 12.00, 11.00, 10.50, 10.00, 9.50. Kerb: Three months £310.00, 9.50. Afternoon: Cash £302.00, 298.00; three months £313.00, 13.00, 12.00, 11.50, 11.00, 9.00. Kerb: Three months £308.50, 9.00. Turnover: 2,020 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	454-.5	+7.75	450-1	+4
3 months	464-.5	+8.5	460-.25	+4.62
Settlem't	455	+8	—	—
Primw'ts	—	—	*40.5-42.75	—

Zinc—Morning: Three months £465.00, 64.50, 64.00. Kerb: Three months £465.00, 64.50, 65.00, 60.00, 61.00, 60.50. Afternoon: Three months £464.00. Kerb: Three months £460.00, 61.00. Turnover: 25,725 tonnes.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	554-5	+6	564-5	+3
3 months	580-1	+4.75	580-.5	+2.5

Aluminium—Morning: Three months £583.00, 84.00, 85.00, 83.00, 83.50, 83.00, 82.00, 81.50, 81.00. Kerb: Three months £578.00, 76.00, 75.00, 78.00, 78.00. Afternoon: Three months £581.00, 80.00, 79.00, 80.00, 79.50, 80.00, 81.00, 82.00, 82.50, 83.00, 82.00, 81.00, 80.50, 81.00, 81.50, 81.00, 80.50. Kerb: Three months £580.00, 79.00, 78.00, 76.00, 75.00, 74.00, 75.00, 76.00, 75.00, 74.00. Turnover: 30,625 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2330-5	+45	2319-20	+5
3 months	2347-50	+81	2380-400	+57.5

Nickel—Morning: Three months £2300, 10, 30, 40, 45, 47. Kerb: Three months £2345, 50, 45. Afternoon: Three months £2345, 70, 65, 75, 70, 80. Kerb: Three months £2380, 60, 75, 80, 60, 80, 90, 80. Turnover: 354 tonnes.

* Cents per pound. † M per kilo. ‡ On previous unofficial close.

SILVER

Silver was fixed 27.2p an ounce higher for spot delivery in the London bullion market yesterday at 573.4p. U.S. equivalents of the fixing levels were: spot 980.2c, up 43.7c; three-month 1002.7c, up 44.4c; six-month 1026.6c, up 45.5c; and 12-month 1077.4c, up 45.6c. The metal opened at 574p-577p (985-990c) and closed at 574-577p (980-982c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	573.40p	+27.2	593.25p	+33.7
3 months	585.40p	+27.2	605.5p	+34
6 months	596.90p	+27.6	—	—
12months	620.10p	+27.5	—	—

LME—Turnover 172 (58) lots of 10,000 ozs. Morning: three months 592.0, 86.0, 87.0, 87.5, 87.8, 88.5. Kerb: three months 588.0, 88.5. Afternoon: three months 608.0, 07.0, 06.0, 07.0, 08.0, 10.0, 08.0, 05.0. Kerb: three months 607.0, 06.0, 02.0, 98.0, 601.0.

COCOA

Futures remained quietly steady within a narrow range. Actuals business was limited with interest from both producers and consumers sidelined, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1002-03	+1.0	1006-00
March	1053-54	+1.5	1040-31
May	1053-54	—1.0	1059-48
July	1058-70	+5.5	1075-62
Sept	1085-90	+5.5	1095-87
Dec	1107-09	+2.0	1116-09
March	1120-33	+3.5	—

Sales: 2,094 (1,760) lots of 10 tonnes.

ICCO—Daily price for Oct 14: 76.73 (77.14). Indicator price for Oct 15: 76.57 (76.39).

INDICES

FINANCIAL TIMES

Oct. 13	Oct. 12	M'th ago	Y'ar ago
235.19	251.50	231.44	263.04

(Base: July 1 1952 = 100)

REUTERS

Oct. 14	Oct. 13	M'th ago	Y'ar ago
1533.7	1509.9	1525.3	1377.2

(Base: September 18 1931 = 100)

MOODY'S

Oct. 13	Oct. 12	M'th ago	Y'ar ago
978.5	976.0	1000.1	1014.2

(December 31 1931 = 100)

DOW JONES

Dow Jones	Oct. 11	Oct. 12	Month ago	Year ago
Spot	127.79	126.11	126.82	—
Fut's	157.08	136.33	132.33	—

(Base: December 31 1974 = 100)

COFFEE

In early mixed dealings values were marginally better although apart Nov was under pressure throughout, reports Drexel Burnham Lambert. A mid-morning descent to the lows briefly halted the current trend although values had re-established earlier levels by the New York opening. Trade buying later re-emerged to strike new contract highs on a firm close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1505-05	+1.5	1511-94
January	1440-41	+24.0	1440-08
March	1345-48	+34.0	1347-07
May	1270-72	+21.5	1272-45
July	1187-90	+51.0	1188-62
Sept	1151-54	+50.0	1156-50
Nov	1125-50	+38.0	1120-00

Sales: 5,533 (5,084) lots of 5 tonnes.

ICO indicator prices for Oct 13 (U.S. cents per pound): Comp. daily 1979 129.89 (129.80); 15-day average 129.02 (127.63).

GRAINS

The market opened unchanged. A lack of support saw wheat drift off—but buying interest from a commercial still shipper restored values. Barley traded easier all day, Acli reports.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Oct 116.50, Nov 117.10, Dec 117.60 transhipment East coast sellers. English Feed fob Nov 113.50, Jan/Mar 121.00 East Coast sellers. Maize: French Oct/early Nov 131.00 transhipment East Coast sellers. Barley: English Feed fob Oct 110.50, Nov 112.00, Dec 113.50 East Coast sellers. Rest unquoted.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rdy's close	+ or —
Nov	112.55	+0.05	108.20	—0.15
Jan	115.95	+0.05	111.70	—0.10
Mar	118.90	+0.05	114.60	—0.10
May	121.70	+0.10	117.60	+0.05
July	124.60	+0.05	—	—
Sept	113.10	—	107.10	—

Business done—Wheat: Nov 112.70-2.15, Jan 115.95-5.60, Mar 118.90-8.70, May 121.75-1.50, July 124.60-4.50. Sept untraded. Sales: 295 lots of 100 tonnes. Barley: Nov 108.35-8.15, Jan 111.75-1.65, Mar 114.75-4.55, May 117.70-7.60. Sept untraded. Sales: 80 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S East 102.30, S West 103.70, W Mids 103.30, N West 100.40. The UK monetary coefficient for the week beginning Monday October 18 is expected to remain unchanged.

POTATOES

There was further consolidation at current levels, with routine trade only, reports Coley and Harper.

	Yesterd'y's close	Previous close	Business Done
	£ per tonne		
Nov	54.60	56.80	54.90-54.60
Feb	65.70	65.80	65.90-65.70
April	72.00	78.50	78.50-78.00
May	86.60	86.00	86.90-86.00
Nov	66.00	66.50	66.50-66.00

Turnover: 233 (228) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet, Lewis and Peat report a November fob price for No 1 RSS in Kuala Lumpur of 204.75 (204.0) cents a kg and SMR 20 174.5 (same).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: 406 (120) lots of 15 tonnes; 10 (22) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.00 (same); Nov 51.75p (same); Dec 52.00p (52.25p).

SOYABEAN MEAL

The market opened with gains of £1.00 on firmer nearby cash markets, reports T. G. Roddick. Short-covering and general lack of selling saw prices continue to rally.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
October	111.60-11.9	—	—
December	117.50-17.8	+2.55	117.50-15.30
February	121.60-21.8	+2.85	121.50-19.00
April	122.00-22.5	+2.25	122.20-21.00
June	122.00-22.8	+2.00	—
August	122.50-24.0	+1.25	124.00
October	122.50-25.5	+1.50	—

Sales: 214 (66) lots of 100 tonnes.

SOYABEAN OIL—Prices opened $7.00 higher on short-covering and moved higher before trade selling eased values. Close (U.S. $ per tonne): Oct 400.00 seller, untraded; Dec 436.00, 438.00, 439.50-437.00; Feb 439.00, 442.00, 444.00-442.00; April 444.00, 448.00, 446.00-446.00; June 452.00, 454.00, untraded; Aug 453.00, 460.00, untraded; Oct 453.00, 470.00, untraded. Sales: 63 (1) lots of 25 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 38 tonnes. The market continued to display some irregularity, with small orders following a larger offtake. Most of the demand centred on the need for replenishments in African and Middle Eastern growths, but American styles were not neglected.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kg. Oct 510.0, 511.0, 512.0-510.0; Dec 522.0, 525.0, 523.0-522.0; March 536.5, 539.0, 537.0-536.0; May 541.5, 543.5, 543.5-541.0; July 545.0, 550.0, 548.0-546.0; Oct 540.0, 541.0, 539.0; Dec 545.0, 546.0, untraded; March 550.0, 555.0, untraded. Sales: 42.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. Oct 347, 360, nil; Dec 365, 374, 366; Jan 375, 380, 375; March 385, 390, 389; May 396, 401, 400; Aug 412, 418, 415-415; Oct 417, 421, nil; Dec 423, 426, 425; Jan 424, 428, 426; March 428, 433, nil. Sales: 15.

BRADFORD—Price movements were mixed. New Zealand was a little dearer, Merinos were influenced by a weaker tend in South Africa but Uruguay was firmer. Local business was still quiet with short time working was widespread in combing and much of the spinning section. Lower interest rates were seen as mildly helpful.

SUGAR

LONDON DAILY PRICE—Raw sugar £96.00 (£94.00) a tonne cif Oct-Nov shipment. White sugar daily price £111.00 (same).

Rumours of further buying interest from Cuba lifted prices from the lows but profit-taking pared the gains at the close, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

Sales: 3,779 (2,907) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £406.00 (same) a tonne for home trade and £220.50 (£198.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports. Prices for Oct 13: daily price 6.71 (6.57); 15-day average 6.72 (6.71).

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 73.5 to 84.9; Ulster hindquarters 95.5 to 98.5, forequarters 60.0 to 61.5. Veal: Dutch hinds and ends 132.5 to 138.5. Lamb: English small 64.0 to 68.0, medium 61.0 to 65.0, heavy 58.0 to 62.0; Scotch medium 60.0 to 63.0, heavy 57.0 to 60.0. Imported—New Zealand PL 55.7 to 57.0, PM 56.8 to 57.0, YL 51.3 to 52.7, YL 55.0 to 56.0. Pork: English, 120-160lb 43.0 to 49.8.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.76p per kg lw (—0.14). GB—Sheep 134.71p per kg est dcw (—1.27). GB—Pigs 78.47p per kg lw (+1.10).

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-£7.00, codlings £3.60-£4.50; small haddock £3.60-£3.80; large plaice £6.20-£6.70, medium £5.30-£5.70, best small £4.00-£5.50; skinned dogfish (large) £9.00-£7.00, (medium) £4.00; lemon soles (large) £11.00, (medium) £9.00; rockfish £4.20.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. [illegible]

AMERICAN MARKETS

NEW YORK, October 14.

Gold came under heavy pressure on reports of massive Soviet selling while silver was down only moderately, finding speculative support on sell-offs. Copper continued firm on concern over tight supplies in nearby positions in London plus its reported rise in line. Sugar prices increased on commission house buying and light roaster interest. Cocoa prices finished moderately lower on origin selling and long liquidation which was accentuated by arbitrage selling. Cotton prices were lower on selling from a disappointment with the U.S. Government estimate of the 1982-83 supply/demand prospects and a forecast of a higher carry-over. An early rally in grains and soyabeans was triggered by computer funds but could not hold as commercial hedging and professional selling completely changed the market psychology. Heating oil was slightly higher on reports of further bombing of Kharg Island and new concern about tight nearby supplies on the U.S. East Coast. Coffee rallied on support from lower, reported Heinold.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	1533	1580	1532	1559
March	1615	1645	1611	1646
May	1660	1681	1660	1694
July	1700	1715	1693	1729
Sept	1745	1745	1745	1764
Dec	1780	1780	1780	1809

COFFEE "C" 37,500 lb. cents/lb

	Close	High	Low	Prev
Dec	141.50	144.50	141.00	142.56
March	136.88	138.45	136.50	137.52
May	128.25	130.75	128.25	128.49
July	123.00	125.00	123.00	123.25
Sept	119.00	119.00	117.25	118.75
Dec	116.75	115.50	115.50	116.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	68.00	70.50	67.00	66.75
Jan	69.60	69.50	68.00	67.05
March	70.15	71.80	68.15	67.70
May	71.05	72.20	69.60	68.65
July	72.45	72.90	69.80	69.40
Sept	72.90	73.00	71.10	70.15
Dec	74.95	76.50	72.25	71.65
Jan	75.15	75.00	72.10	72.50
March	76.00	77.60	73.10	73.10
May	77.00	75.00	73.50	72.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.60	65.85	65.80	65.85
March	67.20	67.55	66.97	67.50
May	68.25	68.65	68.40	68.60
July	69.75	70.00	69.40	69.90
Oct	69.60	69.90	69.30	69.50
Dec	69.45	69.75	69.25	69.45

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	434.8	454.9	441.0	454.8
Nov	441.5	—	—	455.4
Dec	444.6	465.0	441.0	458.9
Feb	445.5	467.0	445.0	463.7
April	447.8	471.5	449.0	469.2
June	452.5	476.0	454.0	473.7
Aug	455.9	479.5	456.5	477.9
Oct	461.4	485.0	460.0	484.5
Dec	464.5	488.5	464.5	489.2
Feb	475.0	499.0	477.0	495.3
April	497.6	503.0	502.0	503.5
June	505.7	521.0	512.0	520.0
Aug	500.8	—	—	527.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	951.0	—	—	958.5
Nov	981.0	—	—	986.4
Dec	988.0	1065.0	980.0	1000.5
Jan	998.0	1075.0	1009.0	1010.0
March	1021.0	1097.0	1012.0	1037.0
May	1035.0	1110.0	1035.0	1054.0
July	1062.0	1110.0	1050.0	1097.0
Sept	1060.0	1147.0	1092.0	1096.0
Dec	1090.0	1150.0	1101.0	1103.0
March	1174.2	1183.0	1180.0	1128.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	6.23	6.50	6.50	6.36
March	6.80	6.95	6.76	6.86
May	7.25	7.34	7.25	7.25
July	7.40	7.58	7.28	7.40
Sept	7.70	7.75	7.65	7.58
Oct	7.85	7.84	7.75	7.86
March	8.65	8.77	9.17	9.00

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

	Close	High	Low	Prev
Oct	62.45	62.70	61.75	62.22
Dec	62.32	62.75	61.95	62.25
Feb	61.12	61.65	60.80	61.07
April	61.02	61.47	60.80	61.25
June	61.80	62.12	61.50	61.90
Aug	60.10	60.30	59.85	60.10
August	59.85	60.25	59.60	59.90

LIVE HOGS 30,000 lb. cents/lb

	Close	High	Low	Prev
Oct	57.67	57.80	56.30	56.60
Dec	57.75	58.40	57.55	57.45
Feb	56.50	56.80	56.70	57.30
April	54.27	54.65	53.90	53.65
June	54.72	55.25	54.35	54.25
July	53.95	54.00	53.40	53.40
August	50.97	51.47	50.80	50.60

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	223.2	226.4	222.4	222.4
March	237.0	242.6	237.0	236.6
May	247.2	253.0	247.2	246.4
July	254.2	260.0	254.0	253.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	82.40	82.40	81.50	82.90
March	81.72	82.72	77.25	78.40
May	80.00	80.20	77.35	78.75
July	78.02	78.02	75.35	76.02
August	76.66	76.50	73.50	73.50

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	544.0	549.6	542.0	546.4
Jan	557.2	563.4	555.0	559.6
March	573.0	579.6	570.4	575.4
May	582.0	588.6	580.0	584.2
July	591.4	594.6	587.4	591.4
August	591.0	595.0	587.0	591.0
Sept	581.0	583.4	581.0	583.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	155.3	157.5	155.3	156.0
Dec	157.3	159.8	155.3	157.4
Jan	158.2	160.8	157.8	158.4
March	162.0	164.4	161.5	161.9
May	165.0	167.5	165.0	165.4
July	167.0	169.5	167.0	167.7
Aug	167.0	169.5	168.0	168.0
Sept	168.5	169.0	168.0	168.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	17.30	17.75	17.25	17.46
Dec	17.57	17.95	17.50	17.60
Jan	17.75	18.08	17.67	17.75
March	18.10	18.44	18.04	18.08
May	18.40	18.72	18.35	18.34
July	18.67	18.90	18.60	18.65
Aug	18.85	19.00	18.90	18.80
Sept	18.95	19.00	18.95	18.85

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	329.6	335.0	329.4	330.6
March	337.0	346.0	337.0	338.0
May	336.0	346.0	336.0	338.0
July	341.0	350.0	341.0	343.0
Sept	353.0	361.0	353.0	353.0
Dec	368.4	374.0	368.0	376.6

No U.S. meat import curbs

WASHINGTON—The U.S. will not restrict meat imports in the fourth quarter of 1982, Mr John Block, the Secretary of Agriculture has said. Fourth quarter estimates of U.S. meat imports were below the level that would require restrictions on imports under the U.S. Meat Import Act of 1979, he added.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar, pound firm: krone weak in EMS

The dollar gained ground without any new factors to influence foreign exchange trading. Although U.S. officials have suggested that today's M1 money supply figure, which is estimated will show a rise of $7-12bn, should be largely ignored, the market is still very nervous about the implications of continuing large increases in money supply. A substantial offering of D-marks also boosted the dollar and tended to weaken other European currencies yesterday.

Market sources indicated that the Bank of England may have intervened to sell sterling against the D-mark, when the German currency came on offer, thus keeping the pound from rising too sharply against Continental units. The Danish krone came under pressure, falling to the bottom of the EMS and touching its lowest permitted level against the Dutch guilder and Irish punt.

DOLLAR — Trade-weighted index (Bank of England) 123.8 against 123.5 on Wednesday, and 116.2 six months ago. Three-month Treasury bills 7.44 per cent (12.77 per cent six months ago). Annual inflation rate 5.7 per cent (6.5 per cent previous month) — The dollar rose to DM 2.5155 from DM 2.5075 against the D-mark; to FFr 7.1225 from FFr 7.0950 in terms of the French franc; to SwFr 2.1480 from SwFr 2.1380 against the Swiss franc; and to Y267.90 from Y266.10 against the yen.

STERLING — Trade-weighted index 92.8, against 92.8 at noon, 92.7 in the morning, 92.8 at the previous close, and 90.2 six months ago. Three-month interbank 9 7/16 per cent (13¾ per cent six months ago). Annual inflation 8.0 per cent (8.7 per cent previous month)—The pound rose to DM 4.2950 from DM 4.29; to FFr 12.15 from FFr 12.1375; to SwFr 3.6675 from SwFr 3.66; and to Y457.50 from Y455.50. Sterling opened at $1.7130-1.7140, the highest level of the day, and fell to a low of $1.7050-1.7060 before losing at $1.7060-1.7070, a fall of 45 points on the day.

D-MARK—EMS member (third weakest). Trade weighted index 125.6 against 126.7 on Wednesday, and 123.1 six months ago. Three-month interbank 7.425 per cent (9.325 per cent six months ago). Annual inflation 5.1 per cent (5.6 per cent previous month)—The D-mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar, sterling, and the Dutch guilder, but improving against the Swiss and French francs. The Bundesbank did not intervene when the dollar rose to DM 2.5147 from DM 2.5064 at the fixing, and probably was not active on the open market. The U.S. currency tends to be underpinned by expectations of a cut in Bundesbank discount and Lombard rate when the central bank council meets next week. Sterling rose to DM 4.2960 from DM 4.2930 at the fixing, but the Swiss franc fell to DM 1.1727 from DM 1.1734.

JAPANESE YEN — Trade-weighted index 128.7 against 129.3 on Wednesday, and 134.2 six months ago. Three-month bills 7.15625 per cent (7.03125 per cent six months ago). Annual inflation 3.1 per cent (1.7 per cent previous month)—The yen improved slightly against the dollar in quiet foreign exchange trading. The dollar eased to Y265.70 from Y265.90, and the market is expected to remain subdued today ahead of the weekly U.S. money supply figures. An increase of $7-$12bn has been predicted in the M1 figure, and although U.S. officials have said that this can be largely ignored as far as monetary policy is concerned, the market will be very nervous if a very large increase is published.

EMS EUROPEAN CURRENCY INTEREST RATES

	ECU central rates	Currency amounts against ECU October 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.6159	+1.44	+1.14	±1.5501
Danish Krone	8.23400	8.36658	+1.61	+1.31	±1.6430
German D-Mark	2.33379	2.35100	+0.74	+0.44	±1.0858
French Franc	6.61387	6.64865	+0.54	+0.24	±1.3940
Dutch Guilder	2.57971	2.56556	−0.54	−0.84	±1.5004
Irish Punt	0.691011	0.690192	−0.12	−0.42	±1.6691
Italian Lira	1350.27	1338.01	−0.91	−0.91	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 14	£	$		£ Note Rates
Argentina Peso	61,710†	30,240†	Austria	30.10-30.40
Australia Dollar	1.7895-1.8015	1.0535-1.0540	Belgium	86.60-87.60
Brazil Cruzeiro	365.68-366.68	913.61-914.68	Denmark	15.22-15.37
Finland Markka	9.9930-9.3080	5.4545-5.4565	France	12.11-12.21
Greek Drachma	119.504-125.182	71.00-71.30	Germany	4.23-4.32
Hong Kong Dollar	11.06-11.10	6.495-6.515	Italy	2430-2460
Iran Rial	147.70*	85.595*	Japan	455-460
Kuwait Dinar (KD)	0.4960-0.4965	0.2913-0.2916	Netherlands	4.67-4.71
Luxembourg Fr.	83.80-83.90	48.76-48.78	Norway	12.33-12.43
Malaysia Dollar	4.0525-4.0425	2.3636-2.3650	Portugal	150-173
New Zealand Dlr.	2.3795-2.3775	1.3900-1.3915	Spain	190½-200½
Saudi Arab. Riyal	5.8820-5.8870	3.4390-3.4405	Sweden	12.48-12.58
Singapore Dollar	3.7975-3.7575	2.1555-2.1575	Switzerland	3.63-3.69
Sth. African Rand	1.9695-1.9700	1.1540-1.1545	United States	1.70-1.72
U.A.E. Dirham	6.2790-6.2865	3.6710-3.6740	Yugoslavia	114-119

† Rate shown for Argentina is commercial. Financial rate 88,627-88,867 against sterling 33,950-39,000 against dollar. *Selling rates.

CURRENCY MOVEMENTS

Oct. 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.8	−30.9
U.S. dollar	123.8	+16.2
Canadian dollar	91.1	−17.1
Austrian schilling	118.8	+28.1
Belgian franc	94.5	−2.6
Danish kroner	81.4	−13.5
Deutsche mark	125.6	+51.6
Swiss franc	146.6	+97.9
Guilder	116.6	+26.2
French franc	73.5	−20.9
Lira	53.2	−58.9
Yen	128.7	+32.3

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.628964	0.547307
U.S. $	9½	1.07629	0.935348
Canadian $	12.56	*	1.14814
Austria Sch.	6¾	19.0104	16.5929
Belgian F	12½	52.4953	45.6159
Danish Kr.	11	9.51334	8.36658
D mark	7	2.70657	2.35100
Guilder	6½	2.95100	2.56556
French F	9½	7.55081	6.64865
Lira	19	1559.53	1338.01
Yen	5½	285.167	249.644
Norwgn. Kr.	9	7.77862	6.78069
Spanish Pts	8	139.743	106.548
Swedish Kr.	10	7.86717	6.84655
Swiss Fr.	5	2.32848	2.00579
Greek Dr'ch	20½	76.8206	66.6116

*CS/SDR rate for Oct 13: 1.32427

THE POUND SPOT AND FORWARD

Oct 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7050-1.7140	1.7060-1.7070	par-0.05c dis	−0.17	0.33-0.38dis	−0.83
Canada	2.0920-2.1035	2.0960-2.0970	0.43-0.53c dis	−2.75	1.40-1.50dis	−2.77
Nethlnd.	4.67¼-4.70¾	4.68-4.69	1¾-1½c pm	2.88	2½-2⅛ pm	2.24
Belgium	83.00-83.50	83.20-83.30	17-27c dis	−3.17	66-76 dis	−3.36
Denmark	15.19-15.34	15.22-15.24	23⅛-25⅜ore dis	−19.27	80¼-32½dis	−13.40
Ireland	1.2580-1.2635	1.2600-1.2610	0.47-0.62p dis	−5.19	1.47-1.62dis	−4.90
W. Ger.	4.28-4.31	4.29-4.30	1¾-1⅛pf pm	2.79	2¾-2⅝ pm	2.44
Portugal	151.75-152.75	152.00-152.50	145-390c dis	−21.11	490-1135dis	−20.35
Spain	194.10-195.10	194.40-194.60	205-245c dis	−13.88	615-665dis	−13.47
Italy	2,439-2,445	2,441-2,443	21-24 lire dis	−11.06	63-68 dis	−10.73
Norway	12.32-12.43	12.22½-12.24¼	7-8¾ore dis	−7.36	20½-22 dis	−6.92
France	12.12-12.17	12.14½-12.15½	6⅝-8⅞c dis	−7.41	26½-27½dis	−8.72
Sweden	12.49-12.56	12.49½-12.51½	4⅞-5⅞ore dis	−4.80	13¾-14½dis	−4.50
Japan	454-459	457-458	1.10-0.90y pm	2.62	2.75-2.55 pm	2.32
Austria	30.10-30.25	30.18-30.23	8¼-4½gro pm	2.21	14½-8¾ pm	1.51
Switz.	3.64½-3.67⅞	3.66¼-3.67¼	2¼-1¾c pm	8.54	5¼-5¼ pm	6.00

Belgian rate is for convertible francs. Financial franc 87.00-87.10.
Six-month forward dollar 0.73-0.83c dis, 12-month 2.05-2.20c dis.

THE DOLLAR SPOT AND FORWARD

Oct 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7050-1.7140	1.7060-1.7070	par-0.05c dis	−0.17	0.33-0.38dis	−0.83
Ireland†	1.3500-1.3580	1.3500-1.3515	0.56-0.45c pm	4.42	1.25-1.35 pm	3.86
Canada	1.2260-1.2265	1.2270-1.2280	0.28-0.29c dis	−2.63	0.56-0.59dis	−1.87
Nethlnd.	2.7375-2.7465	2.7440-2.7460	0.70-0.60c pm	2.84	2.10-2.00 pm	2.99
Belgium	48.65-48.81	48.76-48.78	5-11c dis	−2.46	28-31 dis	−2.42
Denmark	8.9050-9.0300	8.9800-8.9900	13⅛-14⅜ore dis	−18.78	27-28 dis	−12.28
W. Ger.	2.5015-2.5170	2.5150-2.5160	0.63-0.58pf pm	2.89	2.97-2.92 pm	3.26
Portugal	88.80-89.85	89.10-89.40	90-215c dis	−20.49	265-660dis	−20.80
Spain	113.80-114.10	114.00-114.05	135-155c dis	−15.25	355-385dis	−12.97
Italy	1,429½-1,432	1,431-1,432	11-12 lire dis	−9.65	32-34 dis	−9.22
Norway	7.2170-7.2400	7.2300-7.2400	3.60-4.10ore dis	−6.33	10¾-10½dis	−5.81
France	7.0750-7.1250	7.1200-7.1250	3.80-4.20c dis	−6.75	13½-14½dis	−7.80
Sweden	7.2075-7.2550	7.2500-7.2550	2.35-2.65ore dis	−4.06	6.10-6.60dis	−3.41
Japan	265.70-268.00	267.85-267.95	0.77-0.69y pm	3.27	2.25-2.15 pm	3.29
Austria	17.60-17.68	17.64-17.65	4-3gro pm	2.38	12-9½ pm	2.43
Switz.	2.1320-2.1480	2.1475-2.1485	1.28-1.21c pm	6.95	3.64-3.57 pm	8.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 50.95-51.05.

EXCHANGE CROSS RATES

Oct. 14	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.707	4.995	457.5	19.15	3.668	4.685	2442.	9.097	83.95
U.S. Dollar	0.588	1.	2.517	268.1	7.120	2.149	2.745	1431.	1.229	48.76
Deutschemark	0.233	0.397	1.	106.5	2.829	0.854	1.091	568.6	0.488	19.38
Japanese Yen 1,000	2.186	3.730	9.388	1000.	26.56	8.016	10.24	5338.	4.583	182.0
French Franc 10	0.823	1.405	3.535	376.5	10.	3.019	3.856	2010.	1.726	68.52
Swiss Franc	0.273	0.465	1.171	124.7	3.313	1.	1.277	665.8	0.572	22.70
Dutch Guilder	0.213	0.364	0.917	97.65	9.595	0.783	1.	521.2	0.447	17.77
Italian Lira 1,000	0.410	0.698	1.759	187.5	4.975	1.508	1.919	1000.	0.859	34.09
Canadian Dollar	0.477	0.814	2.049	218.9	5.795	1.749	2.235	1165.	1.	39.71
Belgian Franc 100	1.201	2.050	5.169	549.5	14.59	4.405	5.626	2933.	2.518	100.

FINANCIAL FUTURES

D-Mark comes to Liffe

It was a fairly quiet day on the London International Financial Futures Exchange, despite the interest generated by the opening of a new contract for the D-mark. Chicago closed on Wednesday better than expected, led by demand for U.S. Treasury bonds, and this encouraged a firm opening in London of 90.15 for December Eurodollars. The price touched a low of 90.01, where dealers reported signs of psychological resistance, and also closed at that level, after touching a peak of 90.22. The market tried to move firmer at various times, but suffered from a lack of buyers and quiet trading in cash. The rise of 23 points on the day in the December contract mirrored the slight easing of the three-month Eurodollar deposit rate, while the widening of the differential between December and March to 69 points from 63 was a sign of slightly improved sentiment after the fall in prices on Wednesday.

The D-mark/dollar contract began trading yesterday, and attracted slightly more interest than sterling futures. The March position was almost totally ignored, however, as the equivalent sterling contract has been since Liffe trading began. Dealers were not prepared to say that the total volume in D-marks of 516 lots was disappointing, preferring to reserve judgment until the foreign exchange market has a more active day.

From Monday all five trading months of December, March, June, September and December 1983 are expected to start for the Eurodollar contract, although market sources doubted whether market liquidity is sufficient at present to generate useful trading in these longer months.

LONDON

3-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.01	90.22	90.01	89.60
March	89.32	89.50	89.32	89.17

Volume 2,914 (4,091)
Previous day's open int. 2,006

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.7095	1.7165	1.7090	1.7140
March	1.7155	1.7200	1.7155	1.7195

Volume 711 (1,045)
Previous day's open int. 786

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3982	0.4014	0.3981	—
March	0.4045	0.4048	0.4045	—

Volume 516 (—)

CHICAGO

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.23	92.45	92.16	92.48
March	91.25	91.53	91.33	91.54
June	90.80	90.92	90.78	90.97
Sept	90.57	90.66	90.54	90.67
Dec	90.30	90.51	90.35	90.46
March	90.28	90.42	90.26	90.35
June	90.17	90.38	90.17	90.26

STERLING (IMM) $ per £

	Latest	High	Low	Prev
Sept	17080	17165	17007	17130
Dec	17090	17175	17085	17175
March	17120	17175	17110	17225
June	—	—	—	17265
Sept	—	—	—	—

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	77.09	78.12	77.08	78.03
March	76.14	77.14	76.11	77.07
June	76.06	77.00	76.08	76.30
Sept	75.28	76.21	76.00	76.29
Dec	76.07	77.00	76.07	76.23
March	76.17	77.09	76.11	76.22
June	76.19	76.30	76.16	76.20
Sept	76.21	76.26	76.10	76.31
Dec	76.23	77.07	76.14	77.00
March	76.26	76.28	76.15	77.01
June	—	—	—	77.02

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.61	90.80	90.45	90.75
March	89.72	90.01	89.73	89.99
June	89.47	89.52	89.33	89.53
Sept	89.10	89.10	89.08	89.25

3-MTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.75	89.99	89.72	89.99
March	89.15	89.29	89.10	89.29
June	88.82	88.97	88.80	88.97
Sept	88.58	88.62	88.53	88.70

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68.13	68.24	68.00	69.01
March	68.01	68.24	67.81	68.24
June	68.00	68.12	67.86	68.12
Sept	67.31	68.05	67.31	68.05
Dec	67.30	68.00	67.25	68.00
March	67.26	67.31	67.19	67.29
June	—	—	—	67.22
Sept	67.26	67.26	67.11	67.15
Dec	67.11	67.17	67.11	67.16
March	67.17	67.17	67.17	67.14
June	—	—	—	67.12
Sept	—	—	—	67.12

EUROCURRENCIES

Euro-dollar rates showed little change yesterday in generally featureless trading. The market appeared to be waiting for some kind of lead. U.S. money supply figures due for release today are likely to reflect severe distortions but it may take some time before the market manages to shrug off completely the news of a sharp increase. While the downward trend in U.S. rates seems likely to continue over the long term, there are factors which may preclude any rapid decline, notably next week's high funding requirements.

Elsewhere Euro-sterling rates were little changed while Euro-Deutschemark and Euro-Swiss franc showed a slightly weaker tendency, reflecting a growing conviction that key lending rates throughout Europe are likely to fall in the next week or two.

MONEY MARKETS

UK interest rates show little change

UK clearing bank base lending rate 9½ per cent (since October 14 and 15)

Interest rates were little changed in London yesterday, after the sharp decline seen recently. There was inevitably a slight pause for breath although the market still appears to support a bullish tone, with further cuts in clearing banks' base rates apparently likely over the next month or so.

The Bank forecast a flat day with factors affecting the market including bills maturing in official hands and a net take-up of Treasury bills −£130m and the unwinding of previous sale and repurchase agreements −£218m countered by Exchequer transactions of +£290m. The forecast was then revised to a shortage of around £100m and the Bank gave assistance of £51m by buying £6m of eligible bank bills in band 1 (up to 14 days) at 9½ per cent and £33m in band 2 (15-33 days) at 9½ per cent. In band 3 (34-63 days) it bought £12m of local authority bills at 9 7/16 per cent.

The shortage was again revised to £150m before taking into account the morning's operations and the Bank gave further assistance of £93m, making a grand total of £144m. The afternoon help comprised purchases of eligible bank bills: £31m in band 1 at 9½ per cent, £42m in band 2 at 9½ per cent, £18m in band 3 at 9 7/16 per cent and £2m in band 4 (64-84 days) at 9⅜ per cent. In the interbank market overnight money opened at 10⅛-10¼ per cent but soon slipped to 9¾-10 per cent. Rates continued to fall away, touching a low of 8½-9 per cent in the afternoon before coming back to finish at 10½ per cent.

In Paris the Bank of France left its money market intervention rate unchanged at 13¾ per cent when it bought first category paper from the market while in Stockholm the Swedish central bank cut its penalty rate on commercial banks' borrowings to 15 per cent from 17 per cent, thus reverting to its previous level before being increased to 17 per cent on October 1.

In Amsterdam the Dutch official call money fell to 6.75 per cent from 7.25 per cent. This followed Tuesday's announcement by the authorities of a half point reduction in the Dutch discount rate to 6.5 per cent.

LONDON MONEY RATES

Oct. 14 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6½-10½	9¾-10	—	—	9½-10¼	9¾	—	—	—
2 days notice	—	—	9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10½	9⅝	—	—	—	9½	—	—	—
One month	9 13/16-9⅞	9⅞-10	9⅞	10⅜-10⅛	9⅞	10¼	9⅝	9 7/16	9 15/32	10 1/32
Two months	9⅝-9½	9 9/16-9¾	9¾	10⅛-9¾	9¾	10¼	9⅛	9 7/16	9⅜-9 11/32	9 15/16
Three months	9⅛-9 7/16	9½-9⅝	9⅝	9⅛-9½	9⅝	10	9	9⅛	9⅛-9 3/32	9 13/16
Six months	9 3/16-9 5/16	9 3/16-9 5/16	9⅛	9¼-8⅞	9⅝	9⅛	—	—	8 15/16	9 7/16
Nine months	9 9/16-9 11/16	9 9/16-9 11/16	—	9⅝-9⅜	9⅝	—	—	—	—	—
One year	9 3/16-9 5/16	9 7/16-9 9/16	9⅛	9⅛-9¼	9⅝	—	—	—	—	—
Two years	—	—	9¾	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Rate for interest period September 8 to October 5 1982 (inclusive): 10.897 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 10⅛ per cent; four years 10½ per cent; five years 10⅝ per cent. ♦Bank bill rates in table are buying rates for prime papers. Buying rate for four-month bank bills 9 1/16 per cent; four-month trade bills 9 7/16 per cent.

Approximate selling rate for one-month Treasury bills 9 7/16 per cent; two-months 9 3/16 per cent; and three-months 9 per cent. Approximate selling rate for one-month bank bills 9½ per cent; two-months 9¼ per cent and three-months 9 3/32 per cent; one-month trade bills 9 29/32 per cent; two-months 9 11/16 per cent; three-months 9 17/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from October 1 1982. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Clearing Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.4990 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held at one month 10 per cent; one-three months 9¾ per cent; three-12 months 9½ per cent. Under £100,000 9 per cent from October 13. Deposits held under Series 1-5 9½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 14	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling	10½-10⅝	10¼-10½	9 13/16-9⅞	9 7/16-9 9/16	9 7/16-9 9/16	9 7/16-9 9/16
U.S. Dollar	9⅝-9⅞	9⅝-9⅞	9¾-10	10-10¼	10 1/16-10 5/16	10⅛-10⅜
Can. Dollar	10½-11½	12¼-13¼	12¼-12⅝	12-12¼	11⅝-11⅞	12-12¼
D. Guilder	7¼-7⅝	7¼-7⅜	7 5/16-7 7/16	7⅛-7¼	7 3/16-7 5/16	7¼-7½
S. Franc	2½-3	2-2¼	3⅛-3¼	3⅛-3⅝	4-4⅛	4⅛-4¼
Deutschm'rk	7¼-7⅝	7⅛-7¼	7 1/16-7 3/16	6 15/16-7 1/16	6 15/16-7 1/16	6 15/16-7⅛
French Franc	14-14½	14¼-14¾	16¼-16¾	17⅛-18	18⅛-19	18½-19
Italian Lira	16½-18½	20-22	19⅞-20⅝	19⅞-20⅛	19⅞-20⅜	19¾-20⅛
Belg. Franc Conv.	12-13	19⅛-16⅛	19¼-13¼	12¼-13¼	12⅛-13⅛	12¼-12¾
Belg. Franc Fin.	12½-13	19⅛-12¾	12⅛-12⅝	12⅝-12⅞	12⅝-12⅞	12¾-13
Yen	6⅝-6⅞	6⅝-6¾	6 9/16-6 11/16	6 9/16-6 11/16	6 9/16-6 11/16	7-7⅛
D. Krone	34-35	30-31	28½-29½	21⅛-22½	20½-21½	17½-18½
Asia $ (Sing.)	9 11/16-9 13/16	9 11/16-9 13/16	9¾-9⅞	10 1/16-10 3/16	10¼-10⅜	10⅜-10⅝

FT LONDON INTERBANK FIXING

(11.00 a.m. OCTOBER 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 1/8	offer 10 1/4	bid 10 5/16	offer 10 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	12
Fed funds (lunch-time)	9½-9¾
Treasury bills (13-week)	7.44
Treasury bills (26-week)	7.71

GERMANY

Lombard	8.0
Overnight rate	7.45
One month	7.575
Three months	7.425
Six months	7.325

FRANCE

Intervention rate	13.75
Overnight rate	14.0
One month	13.6875
Three months	13.5625
Six months	13.25

JAPAN

Discount rate	6.5
Call (unconditional)	5.96875
Bill discount (3-month)	7.15625

SWITZERLAND

Discount rate	5.0
Overnight rate	1-2
One month	2 13/16-3 1/16
Three months	3¼-3½

NETHERLANDS

Discount rate	6½
Overnight rate	7⅛-7¼
One month	7⅛-7¼
Three months	7⅛-7¼
Six months	7⅛-7¼

$ CERTIFICATES OF DEPOSIT

One month	9.40-9.50
Three months	9.45-9.55
Six months	9.50-9.60
One year	10.00-10.20

LONG TERM EURO $

Two years	12-12¼
Three years	12¼-12½
Four years	12½-12¾
Five years	12¾-13

SDR LINKED DEPOSITS

One month	9½-9¾
Three months	9¾-10⅛
Six months	9 15/16-10 3/16
One year	10 3/16-10 7/16

ECU LINKED DEPOSITS

One month	10⅞-11⅛
Three months	10 15/16-11 3/16
Six months	11⅛-11½
One year	11-11⅛

Paul Betts analyses the STC shares sales

ITT turns its attention to the home market

INTERNATIONAL Telephone & Telegraph is not abandoning Europe—at least that is what it says after announcing that it will sell 40m shares in its British subsidiary, Standard Telephones and Cables. The sale should raise $350m to bolster ITT's balance sheet and help defend a record of 18 years of consecutive increases in its dividend at a time when business conditions are rough.

ITT will also be winning a little additional financial flexibility to help position it better in the coming battle for a share of the U.S. telecommunications market—in which ITT has historically had only a minor role.

"It was the best way to go, given the environment you have to operate in," Mr Edward Gorrity, a senior vice president of ITT and a close adviser of Mr Rand Araskog, the Chairman, said of the STC share sale. But Mr Gorrity, an ITT veteran, also claimed between puffs of a large cigar that the sale of the 40m shares, leaving ITT with 35 per cent of STC's stock, did not mean that the same decision would be taken elsewhere in Europe. "We treat each situation on its own: on a case by case basis. You can't treat the whole area (Europe) as one monolithic mass."

Europe accounted for about half of ITT's 1981 sales of $23bn and more than half of its operating income of $1.5bn.

The company acknowledges that it is seeking to place more emphasis on the U.S. market, which in the case of telecommunications offers the promise of much larger growth. But Mr Gerrity says it will take at least five years before ITT, or any other company, can achieve significant penetration of a market which has so far been the preserve of American Telephone and Telegraph. In the meantime, while ITT sets about reorganising its U.S. telecommunications operations, it will continue to rely on Europe to provide a fat chunk of its sales and earnings.

The decision to sell part of STC seems wholly consistent with the broad strategy on which Mr Araskog has embarked since he took over of reducing ITT's debt-to-equity ratio from

Mr Rand V. Araskog

40:60 to 25:75, to shed those assets which did not fit in to the business areas where ITT had a strong market presence and above average growth prospects, and to simplify what he once called "the most complex organisation in American business."

The STC stock sale appears to follow from the fact that ITT was never very impressed with System X, the digital telephone switch system developed by Plessey, GEC and STC. Instead, ITT has been betting heavily on the eventual success of its rival digital switch, the System 12 which is costing $1bn to develop. ITT appears to have been frustrated that STC, until the recent agreement last week with British Telecom whereby STC is dropping out of System X development, was unable to act as the U.S. conglomerate's showcase for its own principal new telecommunications product.

"STC could not market the very product ITT cares most about," one Wall Street analyst remarked. "ITT clearly sat back and said to itself: wouldn't it be better to get some cash, maintain an equity position in STC and a finger in their technological pie, and earn a little more flexibility in the process?"

Mr Robert Sullivan, of Paine Webber Mitchell Hutchins, feels the STC deal is part of ITT's attempts to get its balance sheet in order. "The company's biggest challenge has been to improve its balance sheet and keep its dividend streak alive. The one big thing they have going for them is the high yield of ITT shares and the fact they have increased their dividend for 18 years in a row."

The ITT board is to decide next month whether to increase, reduce or maintain the dividend this year. The STC deal should give it a little extra latitude, though it will have little impact on the company's overall debt. Short term debt stood at about $1.5bn and long term debt at about $2.5bn at the end of June, against some $6bn in equity capital.

The STC stock sale could add between 70 cents and $1 to ITT's earnings per share this year. But on a broader level, the additional cash flow from STC will give ITT a little more flexibility to move quickly.

There has been speculation that ITT is seeking a major acquisition in the telecommunications/high technology sector to strengthen it in the U.S. market, Mr Gerrity claims. However, that it is not expecting to buy anything substantial.

Yet while ITT is clearly focusing for its future growth on the U.S. market, it sees Europe as a crucial area and does not see its current share of the European market changing.

EIB bond heavily over-subscribed

By Peter Montagnon, Euromarkets Correspondent

THE EUROPEAN Investment Bank's first ever "bulldog" bond in the sterling market closed massively oversubscribed yesterday with allocations to larger subscribers cut to around one-fifth of their applications.

The Bank of England, which acted as lead manager for the issue, declined to disclose the total amount subscribed, but City merchant bankers yesterday estimated it at between three and five times the £75m sought by the borrower.

This was far above the subscription levels to other bulldog bonds and is thought to reflect certain special aspects of the issue, besides the fact that it benefited from the rare backing of the Bank of England as lead manager.

A greater proportion than usual of the subscriptions came from outside the U.K., bankers said.

The EIB was lucky to tap the market with a partly paid issue at a time when the gilts market was performing very strongly. Partly paid issues allow investors to speculate on future declines in interest rates without putting too much cash up front.

It is also the only supranational borrower at the longer end of the bulldog market and interest is to be paid gross, bankers said. The 11 per cent bonds, mature in 2002 and were priced at 97.91.

Applications for £250,000 or more of stock will be scaled down to between 21.88 and 21.90 per cent, the Bank said. Applications of up to £50,00 will be allotted in full. Applications between £50,000 and £250,000 will be allotted £50,000.

Continental Illinois earnings halved

BY PAUL TAYLOR IN NEW YORK

TWO MAJOR U.S. banks yesterday reported an improvement in third quarter earnings. However, Continental Illinois posted a 52 per cent decline in earnings, and all the results bear the scars of recent financial failures.

Chase Manhattan, the New York-based bank announced a 7 per cent improvement in its third quarter earnings to $124m or $3.24 a share before securities transactions, up from $116m or $3.28 a share in the same period last year.

The results were the second highest in the bank's history and followed the disastrous second quarter $16.1m loss which resulted from the bank's dealings with the failed Drysdale Government Securities firm.

Manufacturers Hanover, the fourth largest bank in the U.S., also managed to improve its earnings. Income before securities transactions grew by 20 per cent to $85m or $2.13 a share from $70.6m or $2.14 a share. The 1981 third quarter included a $82.8m gain ($44m after tax) resulting from the sale of the bank's headquarters offset partially by a $21m special provision for the bank's parent company's mortgage banking subsidiary.

In contrast, Continental Illinois, the Chicago-based bank which is the sixth-largest in the country, reported net earnings before securities transactions of $32.3m or 81 cents a share compared to $67.3m or $1.70 a share in the same period last year.

The bank, which reported a $61m second quarter loss as a result of its involvement with the failed Penn Square Bank in Oklahoma City, said its latest results reflected the continuing weakness of the U.S. economy which made it prudent to increase loan loss provisions, and the continuing effects of the Penn Square collapse.

All three banks reported sharply higher loan loss provisions, loan write-offs and non-performing loans.

Chase increased its loan loss provision by 44 per cent to $75m in the third quarter compared to the same period last year. Manufacturers Hanover, which was also hit by the Drysdale Affair, increased its provision by 7.6 per cent to $44.4m, and Continental increased its reserve for credit losses by $58m to $90m.

Chase reported third quarter loan write-offs of $58m against $24m. Manufacturers Hanover incurred net charge-offs of $27.4m against $15.7m and Continental wrote off $181m, of which $106.9m were losses resulting from loans purchased from Penn Square, compared with $17.5m last year.

Non-performing loans recorded by Chase at the end of September totalled $1.208bn compared with $898m at the end of the same quarter last year and $1.05bn at the end of the second quarter. The bank said that at the end of the latest period, about $158m of loans purchased through Penn Square were non-performing and that the net negative impact of the non-performing loans on third quarter earnings was about $20m.

Manufacturers Hanover has yet to release details of its non-performing loans. Continental figures showed that its non-performing loans had increased from $453m at the end of the third quarter last year to $1.3bn at the end of the second quarter this year to $2bn. The latest figure includes $365m of loans bought from Penn Square, and represents 5.7 per cent of the bank's total loan portfolio.

International edition of Fortune planned

By Our New York Editor

FORTUNE MAGAZINE, the U.S.-based fortnightly business magazine, is to launch an international edition on January 10.

Mr Edward Lenahan, its publisher, said the edition would be called Fortune International. It will contain most of the articles and features in Fortune, with an additional international business section.

The magazine plans to expand its offices in Europe and Asia

● Time Inc, the U.S.-based diversified communications and forest products group which owns Fortune, reported lower third quarter net earnings of $35.2m or 55 cents a share on revenues of $877m, against $38.8m or 63 cents a share from continuing operations on revenues of $808m last year.

In the year ago quarter, net earnings were $19.6m or 32 cents a share after a $19.2m loss, mainly as a result of the close down of the Washington Star.

Superior Oil coupon 'too low'

BY ALAN FRIEDMAN

SUPERIOR OIL, the U.S. energy company, came to the Eurobond market yesterday with the lowest coupon seen for more than two years, and got a cold shoulder from investors.

Superior's issue is a $100m 10-year bond bearing an 11 per cent coupon at par. The paper may be called back by Superior after the seventh year at a price of par. Lead managers are Morgan Stanley and Credit Suisse First Boston.

Co-managers of the Superior deal said last night the pricing had been "too optimistic" and had been based upon a more euphoric buying market than now exists. As of last night, the pre-market quote on Superior was a discount of more than 2 per cent.

Although yesterday saw an active two-way trading market, fixed-interest bonds gained only ⅛ to ¼ point on the day, compared to the rise of more than two points during the first two days of this week. Dealers said the market was consolidating its position, but stressed that their expectations remained fundamentally bullish.

Other issues out during the past 24 hours include a $125m seven-year bond for Manitoba—led by Wood Gundy—and another Deutsche Bank issue, a $100m five-year deal bearing a coupon of 11⅛ per cent at par.

The Deutsche Bank issue, the borrower's third in the past three months, is another interest-rate swap transaction. An unnamed U.S. bank, acting as counterparty, will take on the fixed-rate obligation and Deutsche Bank will receive floating rate funds.

In the Eurosterling sector, SNCF, the French railway, is launching its debut issue, a £30m seven-year 11¼ per cent partly-paid bond priced at 99¼. The first 25 per cent of the issue is payable in November and the balance is due in February.

The paper is callable after the fifth year at 101. Kleinwort Benson is lead manager. Last night, the SNCF was said to be trading at a discount of around 1¼ in the pre-market.

In the Dutch guilder bond market, Amro Bank is arranging a Fl 200m 10-year issue for the European Investment Bank. The coupon is 10 per cent.

The Euro D-Mark sector yesterday saw a price rise of ½ point amid moderate trading activity. The market is expecting a cut in the discount rate next week.

Prices in the Swiss franc foreign bond market were up ½ to ¾ point last night after moderate trading volume. The SwFr 100m Banque Française du Commerce Extérieur issue was priced by SBC with a 6⅝ per cent coupon, below its 6¾ per cent coupon indication.

NORTH AMERICAN QUARTERLIES

AUTOMATIC DATA	1982-83 $	1981-82 $
First quarter		
Revenue	170.1m	153.8m
Net profits	11.8m	11.0m
Net per share	0.35	0.33

ALLIED CORPORATION	1982 $	1981 $
Third quarter		
Revenue	1.51bn	1.54bn
Net profits	81m	118m
Net per share	1.95	2.02
Nine months		
Revenue	4.72bn	4.71bn
Net profits	226m	289m
Net per share	8.34	7.88

BANCAL TRI-STATE	1982 $	1981 $
Third quarter		
Net profits	3.17m	2.62m
Net per share	0.66	0.54
Nine months		
Net profits	5.95m	8.66m
Net per share	1.23	1.80

BANK OF NEW YORK	1982 $	1981 $
Third quarter		
Net profits	19.46m	16.06m
Net per share	2.70	2.34
Nine months		
Net profits	53.74m	39.06m
Net per share	7.50	5.74

BAXTER TRAVENOL	1982 $	1981 $
Third quarter		
Revenue	418.3m	388.4m
Net profits	48.6m	38.7m
Net per share	0.69	0.55
Nine months		
Revenue	1.22bn	1.10bn
Net profits	133.0m	107.3m

CERTAINTEED CORP.	1982 $	1981 $
Third quarter		
Revenue	242.1m	239.7m
Net profits	5.45m	†2.83m
Net per share	0.32	†0.28
Nine months		
Revenue	618.9m	708.3m
Net profits	†9.89m	†4.65m
Net per share	†0.98	†0.59
† Loss.		

DOVER CORPORATION	1982 $	1981 $
Third quarter		
Revenue	239.6m	255.6m
Net profits	18.2m	24.1m
Net per share	0.61	0.67
Nine months		
Revenue	785.7m	754.3m
Net profits	68.6m	70.9m

COLT INDUSTRIES	1982 $	1981 $
Third quarter		
Revenue	338.24m	428.25m
Net profits	14.35m	32.58m
Net per share	0.68	1.18
Nine months		
Revenue	1.18bn	1.34bn
Net profits	†175.9m	88.77m
Net per share		3.20
† Loss.		

GANNETT	1982 $	1981 $
Third quarter		
Revenue	368.1m	335.6m
Net profits	42.9m	41.0m
Net per share	0.81	0.76
Nine months		
Revenue	1.09bn	990.0m
Net profits	124.8m	117.8m

CONTINENTAL TELECOM	1982 $	1981 $
Third quarter		
Revenue	487.8m	405.4m
Net profits	38.1m	37.9m
Net per share	0.59	0.60
Nine months		
Revenue	1.4bn	1.1bn
Net profits	111.3m	103.3m
Net per share	1.73	1.68

CONTROL DATA	1982 $	1981 $
Third quarter		
Revenue	1.05bn	1.02bn
Net profits	38.8m	44.1m
Net per share	1.03	1.16
Nine months		
Revenue	3.14bn	2.97bn
Net profits	111.3m	127.7m
Net per share	2.95	3.35

INTERNATIONAL MINERALS	1982-83 $	1981-82 $
First quarter		
Revenue	328.5m	405.4m
Net profits	24.4m	39.9m
Net per share	0.92	1.48

LENOX	1982 $	1981 $
Third quarter		
Revenue	67.2m	70.1m
Net profits	5.53m	5.67m
Net per share	1.23	1.27
Nine months		
Revenue	178.5m	181.4m
Net profits	11.5m	11.58m
Net per share	2.58	2.60

MEAD CORPORATION	1982 $	1981 $
Third quarter		
Revenue	680.5m	760.4m
Net profits	†42.7m	22.8m
Net per share	†1.63	0.84
Nine months		
Revenue	2.07bn	2.18bn
Net profits	†29.9m	89.7m
Net per share	†1.16	3.28
† Loss.		

MEREDITH	1982-83 $	1981-82 $
First quarter		
Revenue	118.1m	110.2m
Net profits	7.06m	2.84m
Net per share	2.27	2.16

NORTH AMERICAN COAL	1982 $	1981 $
Third quarter		
Revenue	115.5m	128.3m
Net profits	4.12m	2.69m
Net per share	1.27	0.80
Nine months		
Revenue	386.1m	322.2m
Net profits	18.1m	3.12m
Net per share	4.91	0.93

PPG INDUSTRIES	1982 $	1981 $
Third quarter		
Revenue	840m	847.5m
Net profits	43.7m	52.3m
Net per share	1.27	1.54
Nine months		
Revenue	2.47bn	2.55bn
Net profits	113.5m	172.1m

RAYTHEON	1982 $	1981 $
Third quarter		
Revenue	1.3bn	1.38bn
Net profits	82.9m	87.6m
Net per share	0.98	1.04
Nine months		
Revenue	4.15bn	4.11bn
Net profits	248m	244.7m

SIGNALS	1982 $	1981 $
Third quarter		
Revenue	1.11bn	1.45bn
Net profits	17.7m	58.8m
Net per share	0.24	0.78
Nine months		
Revenue	3.73bn	4.03bn
Net profits	85.9m	161.9m

TEXAS COMMERCE BANCSHARES	1982 $	1981 $
Third quarter		
Net profits	42.74m	38.23m
Net per share	1.36	1.17
Nine months		
Net profits	126.34m	105.35m
Net per share	4.03	3.41

WILLIAMETTE INDUSTRIES	1982 $	1981 $
Third quarter		
Revenue	246.9m	249.8m
Net profits	2.06m	3.74m
Net per share	0.53	0.25
Nine months		
Revenue	695.4m	756.4m
Net profits	2.89m	25.1m

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. Closing prices on October 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	109¼	109⅝	0	+1¼	11.52
Amax Int. Fin. 16⅛ 92	75	106⅝	106⅞	+0⅛	+2⅛	14.89
Amax O/S Fin. 14⅛ 89	75	106½	107⅛	0	+2⅞	12.53
ATT 14¼ 89	400	109¾	110⅛	+0⅛	+0⅞	11.89
BHP Finance 14⅛ 89	150	103	103½	+0⅛	+1⅛	13.91
Bk. Amer. NT SA 12 87	200	99¼	99¾	−0⅛	+3¼	12.10
Bk. Montreal 14½ 87	100	102⅛	102⅞	0	+1⅞	13.83
Bque. Indo Suez 16 89	100	105⅜	105⅞	+0⅛	+3½	13.60
British Col. Hyd. 14¾ 89	200	107⅜	108⅛	−1½	+2⅞	12.82
British Col. Hyd. 15⅛ 92	150	110⅛	110⅞	−0⅛	+3⅛	13.22
Canada 14½ 87	750	109½	110	0	+3⅝	11.51
Can. Pac. Sec. 14⅛ 92	75	103⅛	103⅜	−0⅛	+1⅛	13.92
Can. Pac. Sec. 15 89	75	103⅛	103⅜	0	+1½	14.17
CIBC 15 87	100	104⅞	104⅞	+0⅛	+2½	14.47
Citicorp O/S 15 84/92	100	103⅜	103⅞	−0⅛	+2⅛	12.06
Citicorp O/S 15½ 85/97	125	105⅜	105⅞	+0⅛	+2	12.57
Coca Cola Int. 11⅞ 89	100	104⅛	106⅛	+0⅛	+5⅞	10.79
Deutsche Bk. F. 14⅛ 89	300	105⅜	105⅞	+0⅛	+1⅞	12.96
Duke Pwr. O/S 16½ 89	80	104⅝	105⅛	+0⅛	+1⅛	14.21
Du Pont 14⅛ 89 WW	200	106⅞	106⅝	−0⅛	+2⅛	12.71
ECSC 14⅛ 87 (April)	80	107⅞	108⅛	+0⅛	+3⅛	12.28
EIB 15⅛ 92	100	110⅛	110⅝	+0⅛	+4⅛	13.47
Ekeportfinans 14⅛ 89	50	104⅛	105⅛	−0⅛	+1⅞	13.28
Forsmarks 13⅛ 92	75	100	100½	+0⅛	+0⅛	13.70
Gen. Elec. Credit 12 89	100	105	105½	−0⅛	+1⅛	10.88
Gen. Elec. Credit 0.0 93	400	32⅞	33⅛	+0⅛	+3	11.32
Getty Oil Int. 14 89	125	106⅝	107⅛	−0⅛	+1⅛	12.36
GMAC O/S 15⅛ 85/97	100	105⅛	105⅝	+0⅛	+2⅛	12.41
GMAC O/S Fin. 15 89	125	106½	107	+0⅛	+3⅛	13.34
GMAC O/S Fin. 15 87	100	107⅛	107⅝	0	+2⅞	12.71
Gulf Canada Ltd 14⅛ 92	100	106⅝	107⅛	−0⅛	+3⅛	13.36
Gulf Oil Fin. 12⅛ 87	100	104⅞	105⅛	−0⅛	+1⅛	10.92
Gulf Oil 14⅛ 94	175	105	105⅛	0	+2⅛	13.29
IBM Wld. Trade 13⅞ 92	200	106	106½	+0⅛	+4½	11.17
Manitoba Prov. 13⅞ 89	100	105⅛	106⅛	+0⅛	+3½	12.41
New Brunswick 15⅛ 87	75	106⅝	107⅛	−0⅛	+1⅛	13.16
Nova Scotia Pr. 15⅛ 89	75	105⅛	106⅛	−0⅛	+1⅛	13.71
Ontario Hydro 14⅛ 89	150	108½	109	−0½	+2⅞	12.65
Ontario Hydro 15 92	150	109⅞	110⅛	−0⅛	+3½	13.08
Pac. Gas & El. 15⅛ 89	45	108⅛	109⅛	+0⅛	+2	13.31
Phillips Petrol 14 89	200	105⅝	106⅞	0	+2⅛	12.64
Prudential O/S 12⅛ 87	150	104⅞	105⅛	+0⅛	+3⅛	11.35
R. J. Reynolds 12⅞ 89	100	104	104½	+1	+5	11.82
Saskatchewan P. 15 92	150	108½	109	−0⅛	+3⅛	13.33
Shell Canada 14⅛ 92	125	105⅞	106⅞	+0⅛	+3⅛	13.22
Superior O/S Fin. 14 89	125	105⅛	105⅝	−0⅛	+2	12.71
Swed. Exp. Cr. 14⅛ 90	100	104⅛	104⅛	+0⅛	+2⅛	13.71
Texas Eastern 15⅛ 89	80	105⅛	106⅛	+0⅛	+3	14.23
Union Carbide 14⅛ 89	150	109⅞	110	+0⅛	+4⅛	12.44
Walt Disney Pr. 12⅞ 89	75	101⅞	102⅛	+0⅛	+0⅛	11.97
Wells Fargo Int. 15 87	75	104⅞	105⅞	+0⅛	+2⅛	13.32
World Bank 13⅛ 87	300	104½	105	−0⅛	+4	11.92
World Bank 14⅛ 87	500	106⅝	107⅛	−0⅛	+3⅞	12.13
World Bank 15 87	250	108⅞	109⅛	0	+3⅝	12.33
World Bank 15 88	150	109⅝	110⅛	−0⅛	+4⅛	12.67
Xerox Fin. 14 87 WW	100	104⅞	105⅛	−0⅛	+2⅛	12.53

Average price changes... On day 0 on week +2⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asn. O. R. 8⅝ 92 (April)	150	100½	100⅞	+0⅛	+0⅞	9.17
Asn. O. R. 8⅝ 92 (Aug)	150	100½	100⅞	+0⅛	+0⅛	8.18
Austria 8⅛ 92	100	98⅞	99⅛	+0⅛	+1	8.46
Barclays O/S 8½ 94	100	98⅛	99⅛	+0⅛	+1⅛	8.50
Black and Decker 9⅛ 89	100	103⅞	104⅛	+0⅛	+0⅛	8.28
Bowater Int. Fin. 8½ 89	50	98⅛	99⅛	0	+1½	8.74
Caisse Nat. Tele. 9½ 92	100	101⅛	102⅛	+0⅛	+0⅛	9.18
Canada 8½ 89	200	103⅞	104½	0	+0⅛	7.68
Cred. Foncier 8⅛ 92	100	99½	100⅛	0	+1⅛	8.76
EIB 8⅛ 92	100	99⅛	99⅞	+0⅛	+0⅞	8.42
Int. Am. Dev. Bk. 8 92	150	100	100½	+0⅛	+0½	8.84
ITT Antilles 9⅛ 92	100	104⅞	105⅛	+0⅛	+0⅛	8.48
Nacnl. Financiera 11 90	150	83	85	0	+0⅛	14.65
Norsk Hydro 8⅞ 92	100	107½	103	−0⅛	+0⅛	8.07
Norsk Hydro 9 92	100	104⅛	104⅞	+0⅛	+0⅛	8.29
OKB 8⅞ 89	100	100⅝	100⅞	−0⅛	+0⅛	8.74
OKB 9 89	75	99⅞	100⅛	+0⅛	+0⅛	8.96
Philips Lamps 8½ 92	100	102⅝	102⅞	0	+0⅛	8.09
Philip Morris 8⅛ 90	100	102⅝	102⅞	0	+0⅛	7.59
Renfe 10 92	100	100⅞	101⅛	0	+0⅛	8.80
SNCF 8⅛ 92	100	98⅞	99⅛	+0⅛	+0⅛	8.73
Tenneco Int. 9 92	100	102⅝	102⅞	+0⅛	+1	8.58
World Bank 8⅛ 92	200	100⅛	101	+0⅛	+0⅞	8.39
World Bank 9 92	200	102	102½	+0⅛	+0⅛	8.65

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austrian Elec. 6⅝ 92	100	103	103⅛	+0½	+2	6.32
BNP 6⅝ 92	100	101⅛	101½	−0⅛	0	5.57
Eldorado Nuclear 6⅝ 92	100	104⅛	104⅛	0	+0⅛	6.86
Elec. de France 6⅞ 92	100	104	104⅛	+0⅛	+1	6.30
Elec. Power Dev. 6½ 92	100	105⅛	105½	+0⅛	+1⅛	5.77
Ind. Bank Japan 6⅛ 92	100	102⅞	103⅛	+0⅛	+2⅛	5.84
Ind. Fund Finland 6⅛ 92	30	100	100⅛	0	−0⅛	6.72
Japan Dev. Bank 6 94	100	104½	104⅛	−0⅛	+2⅛	5.45
Kansai El. Power 6⅛ 92	100	104	104⅛	−0⅛	+1	6.17
Kos Oil Co. 7 92	75	104⅛	104⅛	0	+1	6.35
Lonrho Int. Fin. 7⅛ 92	80	93⅛	93⅛	+0⅛	+0⅛	8.54
Mon Blanc Ton. 7⅛ 92	70	104	104⅛	+0⅛	+0⅛	6.54
Nafinsa 8⅛ 92	80	77½	77⅛	+0⅛	+0⅞	12.31
Natomas O/S F. 7½ 90	75	103⅞	104⅛	+0⅛	+0⅛	5.92
New Zealand 6 92	100	104⅛	104⅛	−0⅛	+0⅛	5.42
Nippon Tel & T. 6½ 92	100	105⅝	105⅞	+0½	+1	5.71
Norges Kommbk. 6⅛ 92	100	103	103⅛	0	+0⅛	5.83
NYK 6⅝ 92	100	100	100⅛	+0⅛	+0⅛	6.73
OKB 7⅛ 92	100	103½	103⅛	−0⅛	+0⅛	6.73
Quebec Hydro 6⅝ 92	100	106⅞	106½	+0⅛	+2	5.75
Sumitomo Metal 6⅝ 92	100	100⅛	100⅛	−0⅛	+0⅛	6.71
Svenska Handels. 6⅞ 92	100	99	99⅛	+0⅛	+0⅛	6.97
Swed. Exp. Cred. 7⅛ 91	100	102⅛	102⅛	−0⅛	+0⅛	6.86
Tiroler Wasser 6½ 92	100	100⅛	100⅛	+0⅛	+0⅞	6.19
TNT O/S Fin. 6⅞ 92	100	99⅞	99⅛	0	+0⅞	6.98
World Bank 7⅛ 92	100	107½	108	+1½	+2⅛	6.15

Average price changes .. On day +0⅛ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅛ 92	15	97⅛	98	0	+0⅛	8.61
Int.-Amer. Dev. 8⅞ 81	15	101½	102⅛	+0⅛	+0⅛	8.59
Japan Airlines 7⅞ 87	8	95⅞	96⅛	+0⅛	+0⅛	5.93
New Zealand 8⅛ 87	15	99½	100½	0	+0⅛	8.46
World Bank 8⅛ 92	20	98⅛	99	−0⅛	+0⅛	8.56

Average price changes... On day 0 on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†106½	107	0	+0⅛	14.37
St. Col. Tel. 17⅛ 88 C$	50	†106½	107⅛	0	+0⅛	15.33
Can. Utilities 17 87 C$	35	†109	109½	0	+1⅛	14.18
Gaz Metro 17⅛ 90 C$	20	†104⅛	106⅛	−0	+1⅛	16.04
OKA 16⅛ 88 C$	63	†108	108½	0	+1⅛	13.98
O. Hyd. 16½ 89 (M) C$	50	†106½	107⅛	0	+1⅛	14.30
Univ. Queb. 16⅛ 87 C$	17	†102	102½	0	+0⅛	15.83
U. Bk. Nwy. 9½ 90 EUA	12	95⅛	96⅛	0	+0⅛	10.33
Amro Bk. 10 87 (A) Fl	75	101⅛	101⅛	+0⅛	+0⅛	9.58
Bk. Mees & H. 10 87 Fl	75	99⅛	100	0	+0⅛	10.06
EIB 10 87 Fl	75	101	101½	+0⅛	+1⅛	9.65
Sears O/S 10⅛ 87 Fl	100	101½	102	+0⅛	+0⅛	9.78
Van Lanschot 10⅛ 87 Fl	50	98⅛	99⅛	+0⅛	+0⅛	10.52
World Bank 10 87 Fl	100	101	101½	+0⅛	+0⅛	9.67
OKB 14 86 FFr	400	93⅛	94⅛	0	+0⅛	16.32
Solvay et C. 14⅛ 86 FFr	200	94⅛	95⅛	+0⅛	+0⅛	16.52
Beneficial 14⅛ 90 £ (D)	20	96⅛	97⅛	0	+2⅛	14.91
BFCE 14⅛ 87 £	30	108½	109	−0⅛	+2⅛	11.94
BNP 13⅛ 91 £	15	104⅛	105⅛	+0⅛	+2⅛	12.48
CECA 13⅛ 88 £	20	104⅛	105⅛	−0⅛	+1	12.24
Fin. Ex. Cred. 13⅛ 86 £	15	103⅛	104⅛	0	+0⅛	12.28
Gen. Elec. Co. 12⅛ 89 £	50	102⅛	103⅛	0	+0⅛	11.86
Hiram Walker 14⅛ 86 £	25	103	104	0	+0⅛	12.87
Norsk Hydro 14½ 87 £	30	108½	109½	−0⅛	+2⅛	11.89
Privatbanken 14⅛ 88 £	72	100⅛	101⅛	+0⅛	+0⅛	14.09
Quebec 15⅛ 87 £	35	108½	109⅛	+0⅛	+1⅛	12.60
Quebec Prov. 14½ 89 £	30	106⅛	106½	−0⅛	+1⅛	13.15
Reed (Nd) NV 16⅛ 89 £	25	109½	110⅛	+0⅛	+2⅛	14.28
Royal Trustco 14 86 £	12	103⅛	104⅛	0	+0⅛	12.54
SDR France 15½ 92 £	30	106⅛	107⅛	−0⅛	+1⅛	13.79
Swed. Ex. Cr. 13⅛ 86 £	20	103⅞	104⅞	0	+0⅛	12.04
Tenneco Int. 14⅛ 87 £	30	106⅛	106⅛	−0⅛	+1⅛	13.03
Coun. Eur. 12⅛ 92 LuxFr	500	104⅛	105⅛	0	+1	11.67
Eurofima 10⅛ 87 LuxFr	500	98⅛	98⅛	0	+0⅛	10.70

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	97⅛	98⅛	15/10	15.69	15.99
Bk. of Tokyo 5⅛ 91 (D)	0⅛	100⅛	100⅛	8/12	16⅛	16.19
Bk. Nova Scotia 5⅛ 93	0⅛	98⅛	99	29/10	15⅛	15.32
BFCE 5⅛ 88	0⅛	99⅛	99⅛	28/10	15	15.09
BFCE 5⅛ 87	0⅛	100⅛	100⅛	27/1	14	13.95
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅛	21/10	15⅛	15.83
CCCE 5⅛ 2002	0⅛	98⅛	99	11/12	15⅛	15.57
CEPME 5⅛ 92	0⅛	100⅛	100⅛	10/12	15.44	15.36
Chemical NY 5⅛ 94	‡0⅛	99⅛	99⅛	23/12	12⅛	12.42
Credit Agricole 5⅛ 97	0⅛	100⅛	100⅛	24/3	12⅛	12.83
Credit du Nord 5⅛ 92	0⅛	99⅛	100⅛	23/12	16.81	16.79
Credit Lyonnais 5⅛ 97	0⅛	100⅛	100⅛	1/4	12.19	12.14
Credit Lyonnais 5⅛ 94	0⅛	100⅛	101	1/1	16.94	16.81
Credit Nat. 5⅛ 94	‡0⅛	100	100½	9/3	12.18	12.16
Ireland 5⅛ 89/94	0⅛	†98	98⅛	25/11	14⅛	15.01
Kansallis Osake 5⅛ 92	0⅛	99⅛	99⅛	5/11	15.31	15.41
Lloyds Eurofin 5⅛ 93	§0⅛	99⅛	100	29/10	17⅛	17.17
Long Term Cred. 0⅛ 92	0⅛	99⅛	99⅛	29/11	14⅛	14.72
J. P. Morgan 5⅛ 97	§0⅛	99⅛	99⅛	12/11	12.96	13.02
Nat. Wast. Fin. 5⅛ 91	§0⅛	100⅛	101	15/1	15⅛	15.14
New Zealand 5⅛ 97	0⅛	100⅛	100⅛	7/4	12⅛	12.46
Nippon Credit 6⅛ 90	0⅛	100⅛	100⅛	10/2	13⅛	13.79
Offshore Mining 0⅛ 91	0⅛	99⅛	100⅛	2/12	14.19	14.17
PKbanken 5 91	0⅛	100	100⅛	17/12	15.81	15.77
Scotland Int. 5⅛ 92	0⅛	99⅛	100⅛	23/3	13⅛	13.26
Sec. Pacific 5⅛ 91	0⅛	99⅛	100⅛	24/11	16	16.02
Societe Generale 5⅛ 98	0⅛	99⅛	100⅛	1/3	12.81	12.81
Standard Chart. 5⅛ 91	0⅛	99⅛	100⅛	18/11	14⅛	14.99
Sweden 0⅛ 89	0⅛	99⅛	100⅛	26/2	11.81	11.83
Toronto Domin'n 5⅛ 92	0⅛	98⅛	98⅛	11/2	14.31	14.53

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	81	82⅛	−2⅛	8.22
Bow Valley Inv. 8 95	4/81	23.12	†100	102	0	29.89
Bridgestone Tire 5⅛ 96	3/82	470	88½	90	+0⅛	2.56
Canon 6⅛ 95	1/81	736.3	122⅛	124⅛	−2⅛	−2.56
Canon 7 97	7/82	748.2	142⅛	144	−0⅛	−1.27
Chugai Pharm. 7⅛ 96	7/82	709.6	119	120⅛	−1⅛	5.21
Fujitsu Fanuc 4⅛ 96	10/81	5641	86⅛	88	−2⅛	23.79
Furukawa Elec. 5⅛ 96	7/81	300	†90	92	−2	1.06
Hitachi Cable 5⅛ 96	2/82	515	91⅛	93	−4	4.96
Hitachi Cred. Cpn. 6 96	7/81	1612	72⅛	74	−0⅛	22.05
Nonda Motor 5½ 97	3/82	835.6	†104	106½	−1⅛	−3.31
Kawasaki 5⅛ 96	9/81	229	†80	81⅛	−1	19.89
Marui 6 96	7/81	846.4	195⅛	97	−2⅛	3.81
Minolta Camera 5 96	10/81	826.4	63⅛	64⅛	−2⅛	28.27
Minorco 5⅛ 97	5/82	8.15	†106	108	+3	9.44
Murata 5⅛ 96	7/81	2188	74⅛	76⅛	−3⅛	20.59
NKK 6½ 96	7/81	188	166⅛	68	−2⅛	18.18
Nippon Electric 5⅛ 97	2/82	846	98⅛	100⅛	−1⅛	8.07
Orient Finance 5⅛ 97	3/82	1205	95⅛	97⅛	−3⅛	9.95
Sanyo Electric 5 96	10/81	652	173⅛	75	0	14.09
Sumitomo Elec. 5½ 97	3/82	577.3	86⅛	87⅛	+0⅛	4.11
Sumitomo Met. 5⅛ 96	10/81	296.1	60⅛	61⅛	−1⅛	49.47
Minebea 6⅛ 92 SwFr	10/82	567	105½	107⅛	+1⅛	3.50
Konishiroku 6⅛ 88 DM	6/82	816	109⅛	110⅛	−0⅛	2.81
Mitsubishi H. 5 89 DM	2/82	263	94⅛	95⅛	−0⅛	24.73

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا صدر الأصل

Severe interim reverse for Svenska Cellulosa

BY WILLIAM DULLFORCE IN STOCKHOLM

SVENSKA CELLULOSA (SCA), the largest forest products group in the Nordic area, suffered a 14 per cent earnings decline to SKr 337m ($46.2m) in the first eight months of 1982. Sales advanced by 16.7 per cent to SKr 5.35bn.

The pre-tax profit was struck after exchange rate losses on dollar loans of SKr 47m, of which SKr 40m were unrealised. But the major factor in the profit setback was the change from a credit of SKr 9m to a debit of SKr 65m on net financial items.

This deterioration derives from the decline in liquid funds and the increased borrowing arising from the SKr 3.3bn, four-year capital spending programme due to be completed this year. Net borrowing rose by SKr 285m.

Mr Bo Rydin, managing director, points out, that the capital programme has expanded capacity, reduced manufacturing costs and opened the way for products with a higher added value.

For 1982 as a whole SCA forecasts a lower pre-tax result than the SKr 660m recorded last year, chiefly because of a further decline in net financial charges. In addition, the operating profit of the forest industry operations will be significantly lower.

The devaluation of the krona will entail unrealised currency losses of some SKr 122m this year. Mr Rydin questions the "accounting wisdom" of charging the entire loss to the 1982 accounts, but no definite decision has been reached on this point.

During the eight months, forest industry operations recorded a decline from SKr 251m to SKr 238m in operating profit on sales of SKr 2.7bn. There was a sharp fall in the market prices of most forest products.

Other group operations, in particularly the Molnlycke hygiene products and the hydro-electric power plants, improved their operating incomes, so that the group operating profit actually rose from SKr 430m to SKr 449m.

Capital spending and investments in shares amounted to SKr 676m and will reach more than SKr 1bn for 1982 as a whole.

Sugar interests boost Cardo

BY OUR STOCKHOLM CORRESPONDENT

CARDO, the Swedish sugar and seeds group, reports an earnings gain of nearly 30 per cent to SKr 351m ($43m) in the first eight months of 1982. Earnings for 1982 as a whole are forecast to be about 20 per cent higher than the SKr 297m recorded in 1981 after allowance for last week's devaluation of the krona.

Turnover for the operating companies rose by 11 per cent to SKr 1.8bn during the first eight months. Income from investment at SKr 74m was SKr 12m ahead, net extraordinary income boosting the result to SKr 95m. At the end of August, the portfolio had a market value of SKr 595m, against SKr 547m at the end of December.

During the period, Cardo and Alfa-Laval, the Swedish farm equipment and process engineering group, formed a biotechnology company, AC Biotechnics, with an initial capital of SKr 50m.

The eight month performance was attributed largely to an improvement in the sugar company, where earnings advanced from SKr 94m to SKr 137m on a 9 per cent increase in turnover to SKr 975m.

The Hilleshög seed company boosted sales from SKr 355m to SKr 419m and earnings from SKr 122m to SKr 145m, while Weibull, the other seed concern, raised earnings by SKr 11m to SKr 45m and sales from SKr 354m to SKr 402m.

Sorigona, the genetic technology and water purification company, recorded a loss of SKr 24m, which stemmed from a project in Kenya.

Swedish chemicals group lifts earnings

By Our Stockholm Correspondent

KEMANOBEL, the Swedish chemicals group, reports a strong improvement in earnings, from SKr 21.6m to SKr 135.9m ($18.5m) for the first eight months of this year. The result is also well above the SKr 51m pre-tax profit posted for 1981 as a whole.

Consolidated sales grew by almost 20 per cent to SKr 2.5bn. When the associate companies, in which Kemanobel holds minority shares of between 20 and 50 per cent, are included, the pre-tax figure emerges at SKr 123m (against SKr 7m), rising to SKr 149.5m if extraordinary items are taken into account.

A "positive development" in operating profit is expected in most group operating units during the rest of the year. But Kemanobel ducks an earnings forecast for 1982 as a whole on the grounds that it cannot yet assess the effects of the krona devaluation and price controls effected last week by the incoming Social Democrat Government.

Of the improvement in earnings at the eight-month stage, SKr 100m is atributable to the operating profit, and SKr 14m to net financial items. All group operations in fact turned in better performances.

In particular the operating profit on plastics and industrial chemicals moved from SKr 2m to SKr 49m with sales advancing by 20 per cent to SKr 668m. The improvement is stated to be because of rationalisation measures, the price level for PVC plastics remaining unsatisfactory.

Nitro Nobel, the explosives subsidiary, turned a SKr 1m loss into a SKr 2.4m operating profit. Increased exports offset the decline in demand on the domestic market, allowing sales to go ahead by SKr 25m to SKr 332m.

The consumer goods achieved sales of SKr 543m, up by SKr 78m, and raised operating income from SKr 41m SKr 61m.

Strong profits increase at Bergen Bank

By Our Oslo Correspondent

BERGEN BANK, Norway's third largest commercial bank, reports considerably improved results for the first eight months of 1982. Operating profit at NKr 142m ($19.6m) compared with NKr 80m. Total assets rose to NKr 21.7bn at the end of August, up 9.5 per cent.

Net interest income rose to 2.78 per cent of average total assets, from 2.34 per cent a year earlier, although it was slightly lower for May-August than in the first four months of the year, reflecting the very high money market interest rates during the latter period.

The eight months report says it is difficult to estimate the bank's potential exposure to losses in connection with its loan to Nye Tofte, the insolvent Norwegian producer of chemical market pulp.

Pargesa pays dividend

By Our Financial Staff

PARGESA, the Geneva-based financial holding company which assumed control of Paribas Suisse late last year, proposes a dividend for the first six months of 1982 of SwFr 15 on its Bearer shares. The nominal shares will receive SwFr 1.5.

Pargesa achieved net profits of SwFr 19.3m in the first six months against a loss of SwFr 7.4m in 1981. Balance sheet total at end June stood at SwFr 712.3m, up from SwFr695m at the end of 1981.

Major setback for Asuag as watch sales decline

BY JOHN WICKS IN ZURICH

SWITZERLAND'S leading watchmaker, Asuag, incurred a group operating loss of more than SwFr 40m ($18.7m) in 1981, compared with a loss of some SwFr 12m for 1980.

For the first half of 1982 turnover has fallen by 20.8 per cent to SwFr 565.9m, largely because of a 36.8 per cent decline to SwFr 191.1m in sales of watch components. Watch sales were down 9.8 per cent to SwFr 297.3m and those of non-watch products by 4.8 per cent to SwFr 76.7m.

The company says that turnover—and to a greater extent new orders are currently running at a very low level in the Swiss watch industry. Asuag has seen no improvement of its financial condition despite various measures, including a 12.5 per cent reduction in Swiss personnel in the first half of 1982.

The group has, however, been able to cut its stocks and is to consider recommendations made by an outside consultant, in the coming months.

BP Dutch unit plans bid for Spanish animal feeds

BY ROBERT GRAHAM IN MADRID

HENDRIX FEBRIEKEN, a DUTCH subsidiary of British Petroleum, is seeking to buy into the Spanish animal foodstuffs business but is facing tough resistance from Spanish companies and elements in the Ministry of Agriculture.

Hendrix is at an advanced stage in negotiations to buy out Nanta (Nueva Association para el Nutrimento y Technicas Alimentarias) which has a turnover of about $30m. However, the BP group would also gain control of Nanta's 52 affiliates which, said the Ministry of Agriculture, would give BP control of 13 per cent of the Spanish feeds market at a time when 20 per cent is already in the hands of multinationals.

The Ministry of Agriculture said the deal had major strategic implications for the feeds industry in Spain. The industry is well integrated with animal husbandry. Some of the affiliates BP would buy are animal husbandry concerns — pig and chicken production.

The directorate general of agribusiness within the Ministry of Agriculture is against the takeover.

Hendrix is a major producer of animal feeds in Holland and Belgium and also a big breeder of poultry. It came under the wing of BP at the end of 1979.

Hendrix's most recently published sales (for 1979) totalled around $465m.

Elkem deficit up sharply at eight months

By Fay Gjester in Oslo

ELKEM, the Norwegian metals, mining, manufacturing and engineering group, reports a loss of NKr 167m ($23m) for the first eight months of this year, against NKr 74m.

Market conditions have been especially difficult for two of the group's major products — ferro alloys and aluminium — which are particularly sensitive to business cycles.

The group loss was after ordinary depreciation of NKr 133m, against NKr 113m. Sales reached NKr 3.44bn compared with NKr 2.67bn, but part of the increase reflects the acquisitions.

Despite the poor results, for the second year running, and the lack of evidence to indicate any early market upturn, Elkem is moderately optimistic about long-term prospects. It says the group will intensify its efforts to reduce cost levels and cut capital costs.

Second-quarter recovery at Honda

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR, the world's largest motorcycle manufacturer and the fifth largest Japanese car maker, reported a slight fall in consolidated net profits for the first half ended August 31. A strong recovery however, in the second quarter with net profits rising by 46 per cent, leaves the company optimistic of record full-year earnings.

First-half net dipped by 6.6 per cent to Y36.3bn ($137m) while sales rose by 17.2 per cent to Y1,140.9bn ($4.3bn).

Motorcycle sales totalled 1,967,000 units, up by 9.5 per cent, yielding a 17.9 per cent rise in value and accounting for 27.5 per cent of total turnover. The introduction of 24 new models helped domestic motorcycle sales to climb by 52 per cent to 941,000, a 67.7 per cent rise in value terms. Overseas sales fell by 13 per cent to 1.03m, but rose in value terms by 1.1 per cent.

Car sales edged ahead 2.8 per cent to 558,000 vehicles, or by 13.9 per cent in value to account for 52.9 per cent of total turnover. Domestic car sales totalled 191,000, up by 15.8 per cent, thanks to booming sales of 1.2 litre City cars. Overseas sales slipped by 2.9 per cent to 367,000, although rising by 12 per cent in value.

Reflecting the expanded ties with overseas manufacturers such as BL in the UK and Peugeot in France, Honda's sales of parts jumped 22 per cent to account for 14.2 per cent of turnover.

The sharp depreciation of the yen's value against the U.S. dollar accounted for Y48bn of the improvement in consolidated sales and Y2.3bn in net profits. Exchange gains were, however, offset by higher sales expenses in Europe, where the market "was unfavourable."

Research and development costs rose by 52 per cent to equal 4 per cent of turnover against the previous year's 3.2 per cent. This rise reflects accelerated development of new subcompact cars and the introduction of new motorcycles.

Half-year capital outlay surged to Y85.6bn from Y43.7bn a year earlier, mostly for expanding car production.

At the parent company level, net profits were 10.7 per cent higher at Y17.76bn, while half year sales were Y8480.36bn, up 13.6 per cent.

Honda has cut its forecast of full-year motorcycle sales to 3.8m units against the original target of 4.1m. Full-year car sales are projected at 1.1m.

Unconsolidated full-year net profits are projected at Y33.2bn, up 37 per cent, on unconsolidated full-year sales of Y1,720.5bn, up 12 per cent.

Kaiser Aluminum sells Comalco stake for A$361m

BY LACHLAN DRUMMOND IN SYDNEY

KAISER Aluminum and Chemical Corporation of the U.S. has sold its 45 per cent stake in Comalco, the Australian integrated aluminium group, to its partner, CRA, and the Australian Mutual Provident Society (AMP) for A$361m (US$352m).

CRA, the resources group about 67 per cent owned by RTZ of the UK, will pay A$246.8m for a further 30 per cent stake to add to its existing 45 per cent holding in Comalco, while the AMP, Australia's largest institution investor, will outlay A$115m for 15 per cent to add to the 1.5 per cent already held.

CRA will seek to sell part of its 75 per cent holding to other local institutions and will also pay a further A$50m to Kaiser to cover a loan extended by the U.S. group to Comalco. CRA is paying A$3.20 a share and AMP A$2.05 against a Comalco close yesterday of A$2.25.

The sale by Kaiser has been mooted for some time and comes against a background of disagreements over the future for Comalco, which has been in an expansive frame of mind, while Kaiser has suffered the worst of the world aluminium downturn, with its U.S. plants now operating at 26 per cent of capacity.

Mr A. S. Hutchcraft, the Kaiser president, said yesterday the move was in line with the company's strategy of reshaping its aluminium business. He pointed out that Kaiser had had a limited role in Comalco's management.

Comalco's operations include the Weipa bauxite mine on the Gulf of Carpentaria with a capacity of 11m tonnes a year, 30 per cent of the 2.33m-tonne a year Queensland Alumina refinery, 20 per cent of the 700,000-tonne a year Eurallumina refinery in Sardinia, 50 per cent of the Tiwai Point aluminium smelter in New Zealand, which has been expanded to 244,000 tonnes a year, and the 117,000-tonne a year Bell Bay Smelter in Tasmania.

Kaiser intends to maintain a presence in Australian aluminium by retaining a 20 per cent stake in Boyne Island and a 28.3 per cent holding in Queensland Alumina.

Gwalior Rayon blames imports for setback

BY R. C. MURTHY IN BOMBAY

GWALIOR RAYON Silk Manufacturing (Weaving) Company, ranked fourth by assets in the private corporate sector, suffered a setback to its profits in the year to March. The pulp and fibre divisions, contributing two-thirds of the total sales turnover, were affected by "indiscriminate imports," says Mr Aditya Vikram Birla, the chairman.

Turnover rose by 10.58 per cent to Rs 3.25bn ($349m) from Rs 2.94bn a year earlier. Pre-tax profits fell by 27 per cent to Rs 120.5m from Rs 165.3m. Net profits fell by 28 per cent to Rs 65.7m from Rs 91.5m. The company is part of the Birla group.

Over the past three years, the Government has allowed imports of viscose staple fibre with a 10 per cent import duty against a 35 per cent duty previously. As a result of higher imports Gwalior Rayon worked its staple fibre plant at 40 per cent of installed capacity in fiscal 1982 while the only other unit in the industry was closed.

Mr Birla believes that recession-hit foreign manufacturers took advantage of the low import duty to dump viscose staple fibre in India. The Government has since reviewed the situation and raised the import duty to 20 per cent.

Gwalior Rayon also manufactures textiles and caustic soda as well as viscose staple fibre making machinery. Power shortage reduced the utilisation of caustic soda manufacturing to 70 per cent. The Government has approved a Rs 100m investment by Gwalior Rayon to expand its caustic soda plant to 54,750 tonnes per year.

The company proposes to diversify into cement production with an 800,000 tonnes a year plant in Madhya Pradesh in central India.

Korean Explosives takes partners for Dow deal

BY ANN CHARTERS IN SEOUL

KOREA EXPLOSIVES, which earlier this week agreed to pay U.S.$60m for the Korean assets of Dow Chemical of the U.S., is to bring four local partners into the deal. This approach is favoured by the South Korean Government, which believes the wider ownership will help restructure the country's pertochemical industry. The exact shareholding of each is yet to be determined.

The Lucky group, the Sunkyong group, Honam Ethylene and the Hyosung group will join with the Korea Explosives group to purchase Dow's equity.

Dow Chemical's decision to sell its South Korean operations means it will not recover what it has invested in the country—but it will at least stem further losses. The U.S. company has invested a total of $145m through its wholly-owned Dow Chemical Korea and its joint venture, Korea Pacific Chemical Corporation, in which Dow held 50 per cent of the equity. Dow Korea posted a $42m loss and KPCC lost $18m in total for 1980 and 1981.

The opportunity for Dow to sell its holdings arose during continuing discussions on a merger of the two companies, proposed by Dow 18 months ago as a way to rationalise the operations and cut losses. The merger, unacceptable to some of the shareholders in Dow's partner in KPCC, was held up and had already caused Dow to take its partner to court. The main objection was that Dow would have a majority in the merged company.

Dow's decision to sell came as a surprise. As recently as two months ago, this was not considered a viable alternative. But the sale received the support of the Korean Government and Dow has offered to provide technical support to the two companies.

Korea is trying to rationalise its petrochemical industry which is plagued by excess capacity and high production costs. Losses by Dow's two investments stemmed in part from the fact that the companies were not operated as an integrated unit and facilities were expanded just when the market downturn started. Friction between Dow officials and Korea management also hampered the joint venture.

Malaysia shares inquiry arrests

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN POLICE have arrested three people in their investigations into a syndicate which has flooded the Kuala Lumpur Stock Exchange with false share certificates. More arrests are expected, the police said.

One of those arrested had in his possession 137 counterfeit share certificates of Malayan United Industries and is believed to have sold off a further 30 certificates in the market.

In the past three months, a syndicate, taking advantage of the surge in buying interest, has flooded the Malaysian market with false certificates of popularly traded companies such as MUI, Supreme Corporation, Genting, Magnum and Pegi.

The five companies discovered the forgeries when they were turned in for registration and have warned brokers

FINANCIAL TIMES SURVEY

Friday October 15, 1982

YORKSHIRE AND HUMBERSIDE

The region's industrial base has an uncomfortable dependence on traditional manufacturing and is short of new ventures involving high technology. Nevertheless, 2,500 companies have notched up direct overseas sales of £4bn

As a region, Yorkshire and Humberside has strength in a number of areas on which to draw, as it seeks to overcome structural problems in its economy. The region has been attempting to diversify its structural base and has a range of projects from industrial promotion schemes to the new Selby coalfield.

On the next two pages, this survey highlights the following developments:

Area abounds in sharp contrasts

BY NICK GARNETT, Northern Correspondent

FEW REGIONS of the UK offer contrasts of such glaring prominence as those in Yorkshire and Humberside. An area with 5m inhabitants, contributing 8 per cent of Britain's GDP, its great commercial and manufacturing cities lie amid huge tracts of high-grade agricultural land, which in the east rolls out to the deep-water Humber estuary, the home of one of the country's most important group of ports.

The recession has bred a new crop of disparities. Some communities, like Rotherham and Mexborough, in industrial South Yorkshire, have more than a fifth of their workers without jobs. The whole of the rural county of North Yorkshire, in contrast, has an unemployment rate less than half that. Across the region, 15 per cent are unemployed, just above the UK average.

Some areas have endured drastic rupturing of whole industries, as part of the reshaping of the UK economy. West Yorkshire's woollen textile industry began a round of mutilation in 1980 and a savage knife has been cutting more recently through metal manufacturing in South Yorkshire.

Some communities, afflicted by a steady withering of their employment base, have also been hit by a single, big closure, which in one bite eats up a large chunk of manufacturing. Last year's shutdown of BSC's Normanby Park steelworks in Scunthorpe, Humberside, with the loss of 4,200 jobs has lifted unemployment in the area to 25 per cent.

Much of the region has simply suffered from a gradual industrial erosion, punctuated by a few relatively large-scale closures, the latter a phenomenon which has struck both Bradford and Halifax in the past year.

Export records

These convulsions, however, are not the whole story. Last year, 2,500 companies in the region notched up an estimated £4bn in direct overseas sales. Companies like Davy McKee have outstanding exporting records.

A range of big industries are more than holding their own and have shown impressive productivity gains. The £1bn development of the Selby coalfield—on stream next year—will be Europe's biggest single mining complex, bolstering the region's powerful presence in the energy field.

Agriculture has been thriving and the Yorkshire and Humberside Tourist Board has been a star performer in marketing a beautiful countryside. There are also some controversial symbols of potential, like the £98m Humber Bridge opened last year, and the £28m Harrogate conference centre.

There are many common factors in the region, even though it has no cohesion. Excellent communications have been further enhanced by new motorways in the East, and the runway extension under construction for the Leeds-Bradford airport at Yeadon. Top marks for distribution have been recognised by companies like Elida Gibbs, which has built a national distribution centre at Castleford. The labour force is characterised by ingenuity and non-militancy.

The region's industrial profile has an uncomfortable dependence on traditional manufacturing, and, like the North West, is short of high technology ventures. Systime, the fast-growing Leeds computer company, is an exception, as are the small number of information technology companies in Bradford, such as Microvitec and IQ Technology.

According to Manpower Services Commission figures, metal manufacture and metal goods have each shed about 26,000 jobs in the four years to March this year, and there have been more losses since then. Shipbuilding, marine and other forms of engineering have shrunk by 30,000 over the same period and construction by 20,000.

Employees in all manufacturing, mining and agriculture have slipped from 700,000 to 550,000 over that period, but employment in service industries has remained steady. A worry still looming over the horizon is that the region may soon be excluded from EEC development grant aid, because of proposed changes in the way the Commission views need.

Three tiers

The regional economy can be examined through the eyes of industry, and county by county. Taking the first: the level of discomfort in manufacturing is reflected in three tiers of performance.

A spread of companies are not doing too badly. These include those in the household goods and food industries. The latter is very important in the region, with Northern Foods and McCain, other big frozen food manufacturers on Humberside, and half a dozen producers of confectionery, itself a major industry in York. Pharmaceuticals with companies like Reckitt and Colman at Hull and fine chemical manufacturers, including Ciba Geigy at Grimsby and Sturge in Selby are in the same position.

Information technology companies are doing well, and electrical engineering, some housebuilders, and an array of small companies have their heads well above the water line. Engineering concerns, like Hopkinsons at Huddersfield, have been demonstrating great technical skills.

In the middle range of health are a number of textile and clothing concerns with both Dewhirst at Driffield and SR Gent in Barnsley making the most of their important supply positions. Many textile companies, though, are living hand-to-mouth.

The glass container market is still languishing in the doldrums, but the Yorkshire industry has made major strides in productivity with Beatson Clark improving profits and Redfearn National cutting its losses.

Metal manufacture is the big, troubled sector and rationalisation in the Sheffield steel industry is continuing with the merger of Firth Brown and the BSC River Don works. Companies in the machine tool industry with a big presence in Halifax are under strain and probably need to modernise products further.

The carpet industry has been relieved of murderous U.S. competition, and managements are now less downcast, but the industry is still far from buoyant. Crossley and Homfray have both closed down in Halifax.

Mr Brian Bigley, the CBI's regional director, says companies cannot determine where growth will come from, and that price constraints are becoming harsher. He believes, however, that the really big labour shakeouts have come to an end.

North Yorkshire stands on its own in being so dominantly rural and with an unemployment level well below the national average, at 9.7 per cent. It has lost its intermediate area status, except for the unemployment black spots of Whitby, Scarborough, and Richmond.

It has put a lot of effort into promoting small businesses, but has also some examples of medium and large companies with good performance records, like Farnell Instruments at Wetherby and Boroughbridge. It will benefit from economic spin-offs from the development of the single drift mine and five shaft mines on the Selby coalfield.

West Yorkshire, with a 14.2 per cent unemployment rate, has lost its intermediate area status, apart from Bradford, which has been knocked by recent closures or cutbacks affecting GEC, International Harvester, and Rank Wharfedale. Its county council, based in Wakefield, has just set up a business-aid enterprise agency, a decision criticised by the local CBI.

Leeds remains a powerful financial and regional administration centre, which includes a Bank of England operation, government department regional offices, and insurance company headquarters. The county as a whole is the home of a clutch of building societies. On the other hand, the hilly terrain of the Upper Calder Valley, running from Halifax up to Todmorden may make it very difficult for that area to compete for new industry.

Humberside has an unemployment rate of 16.5 per cent, which has now been caught up by South Yorkshire. The latter has retained its assisted area status, with the exception of Sheffield, but Rotherham and Mexborough were, and still are development areas.

The special steel industry, based in Sheffield, has been badly hurt and its cutlery manufacturing has shrivelled. The glass container industry, based on Barnsley and Rotherham, has shown great resistance, however, and the economy in the northern half of South Yorkshire has been underpinned by heavy National Coal Board investment now beginning to taper down.

Humberside was, and still is, a development area, apart from five locations which are intermediate, and Driffield, which has lost its status. It has watched the demise of its deep-sea fishing industry, but it has a broad mix of industry, a range of chemical-related companies on the south bank and Hull has a surprising number of nationally known company headquarters. Approaching 10 per cent of the UK's seaborne trade passes through its four ports.

YORKSHIRE AND HUMBERSIDE II

Region's potential for development remains high

Humberside has been attempting, with some success, to diversify away from its traditional fishing industry base, as Nick Garnett reports here.

TO PUT Humberside in focus, three points need to be underlined from the beginning.

● In the first place, it is quite different to the conception most people have of it. Surrounded by open countryside which makes up 85 per cent of the county, and resting at the end of communication routes, it certainly has an isolated air.

But Hull, on the north bank of the Humber, and with 300,000 inhabitants and a very broad mix of industry and commerce, has never relied on fishing the way many outsiders believe it has. The south bank in particular has a concentration of chemical related plants and the county as a whole a growing relationship with the energy industries. The four ports of Hull, Grimsby, Immingham and Goole, together account for almost a tenth of all the UK's seaborne trade.

● Secondly, the region's potential for development is very high though it will remain only a topic of interest while the recession remains so intense.

It has the only deep water estuary in the UK which remains hardly developed. It has huge tracts of land suitable for the biggest manufacturing plants, especially on the south bank.

The Humber bridge, linking Hull with the less popular south bank at a building cost of £98m now connects a big labour reservoir with excellent industrial building land in an area with a total population approaching 900,000. There is an estimated 2.5m sq ft of available industrial building space on the market.

The new motorways connecting the M1 with South Humberside, and dual carriageways under construction to Immingham and Grimsby, complete an excellent road infrastructure which first brought easy access for Humberside to the rest of the country with the construction of the M62 transpennine motorway.

The business community has been infuriated by rate increases on Humberside which, in the last round, were one of the highest in the country.

● Thirdly, however, the recession has severely dislocated Humberside's employment base producing an uncomfortable unemployment rate of 16.5 per cent.

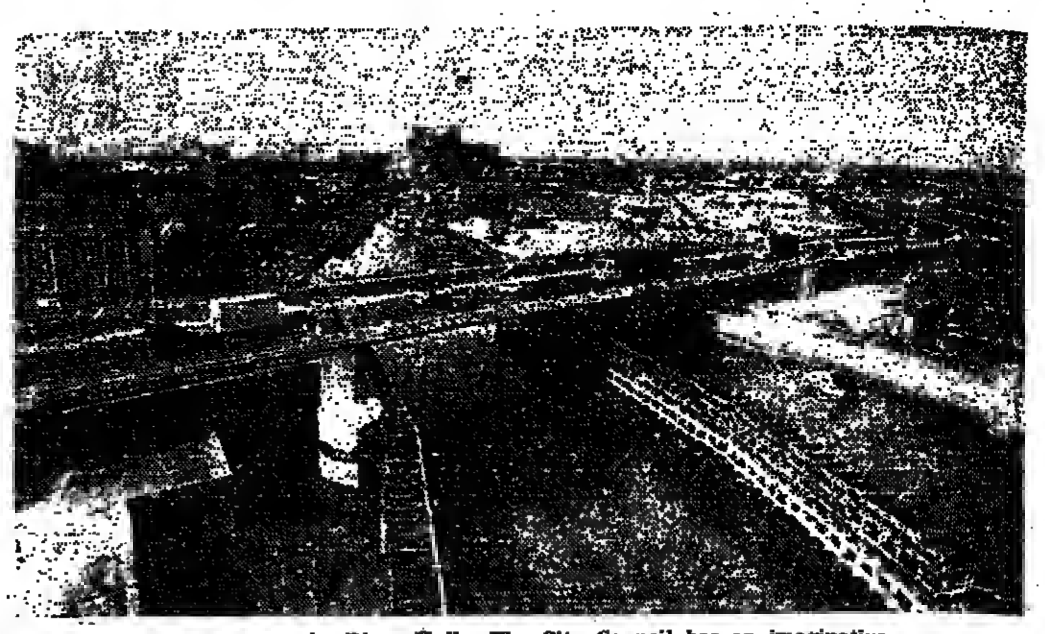
Some 60,000 people in the county have no jobs, half of them unemployed for more than six months.

To compound this problem—which Cllr Michael Wheaton, the Labour leader of Humberside County Council describes as a "disaster" — the labour market is expected to grow by 5,000 people a year over the next decade.

The economy of the county is underpinned by agriculture with 45 per cent of the county's agricultural land of grade two status and 5 per cent grade one. The Wolds is a big grain area and there is an extensive glasshouse-market gardening industry. The coastal sector and South Humberside are very important vegetable and potato growing areas, and there is also a sizeable pig industry.

The non-agricultural economy has seen some big structural shifts over the past 10 years. The fishing industry has been decimated and may have lost up to 5,000 direct jobs. This has essentially afflicted Hull, which was the heart of the UK's deep sea trawler fleet. Grimsby with its middle sea fleet has fared better.

Steelmaking in Scunthorpe has been savaged by the problems of worldwide over-capacity.



Bridge over the River Hull. The City Council has an imaginative urban regeneration programme

Some 10,000 steel jobs have been lost in the town over the past decade, 4,000 of them with last year's closure of the Normanby Park Works.

The British Steel Corporation still maintains a presence there with the Appleby-Frodingham works though 700 redundancies were announced there last month.

The county has a broad range of industries and a surprising number of headquarters for national companies—including Northern Foods, Comet and Smith and Nephew.

The food industry has a big presence at Humberside—not only with Northern Foods (built around Northern Dairies), but with Bird's Eye and Findus frozen food packaging, United Biscuits, and flour milling by Rank Hovis McDougall and Spillers French.

Many of these companies use products grown in Humberside and Grimsby is said to have more coal storage space than anywhere else in Europe.

Four chemical related plants are operated by Fisons (fertilisers); Ciba Geigy (pharmaceuticals); Laporte and Courtaulds dominate the immediate south bank. Reckitt and Colman have substantial pharmaceutical operations in Northern Humberside along with Croda Chemicals.

The county economy's prime feature is its broad spread of employment. There is substantial medium skill engineering related companies including Priestmans for specialised vehicles, the Stelrad Radiator group, J. H. Fenner for conveyor equipment and Pegler Hattersley.

The biggest employer other than the local authorities is probably British Aerospace at Brough. Using 1977 figures, the county had a bigger percentage than the national average of employees in distributive trades, transport, food, drink and tobacco and coal, chemicals and metals.

It was below the national average in engineering and commercial and professional services.

The energy industry has been grabbing a greater volume of attention in Humberside. British Gas and BP are involved in bringing gas ashore at Easington on the north bank.

Immingham, on the south bank, has an oil terminal and a mono-mooring oil terminal at Tetney in the Humber for deep drafted vessels. The south bank also has 10 per cent of the UK oil refining capacity with Conoco and Lindsey Oil at Killingholme. There is also the long-term proposition for developing the Barnsley coal seam at Snaith Howden.

The four Humberside ports—operated by the British Transport Docks Board which will soon be privatised — handled 33m tonnes of cargo last year, as well as half a million passengers on North Sea Ferries.

The four ports made a £2.5m operating profit last year with Grimsby and Immingham being money spinners. Hull, with its preponderance of general cargo and therefore heavy labour costs actually made a loss of £4.7m. The Docks Board though has been negotiating considerable manning reductions at home.

Hull has large centralised administrative functions which include the only local authority telephone service in the UK and there is a small airport at Kirmington in South Humberside, with daily flights to London and other destinations.

Hull City Council has an imaginative urban regeneration programme in which an innovation centre is already showing signs of making a mark on the commercial community. The county, though, has fewer dereliction problems than most other areas of the region and has a beautiful coastline—and some of the prettiest villages down Britain's eastern seaboard.

Massive Selby Coalfield project

Production starts in the spring

HUGE TOWER CRANES looming over the York plain are the first visual clue that something extraordinary is taking place on this wide expanse of flat agricultural land.

Development work is now at its peak on the Selby coalfield, a drift mining operation which will be Europe's most productive with an output greater than any other integrated complex of mines in Europe.

With production due to start next April, it is expected to reach maximum output of about 10m tonnes a year—a 12th of the National Coal Board's current total UK output—within six years from now. The coal will be destined for the area's Drax, Eggborough and Ferrybridge power stations.

The scheme, which will eventually employ 4,000 mineworkers, is big in every respect. Total development is costing about £1,000m and has involved 70 contractors.

The cages at the five shaft mines are the biggest in Europe, each capable of carrying 170 men.

The coal storage hangar at the Gascoigne Wood drift mine is Europe's largest single span industrial building—the size of three football pitches and eight storeys high. The project is heavily computerised and technological boundaries have been stretched though not bounded over.

The complex has also been a breakthrough in environmental considerations, the separate mining units resembling a cross between a sports complex and the most modern industrial building and surface conditions for miners (these include washing, changing and eating facilities) set new standards.

The environmental aspects of the operation have been greatly enhanced by the clean nature of the coal the digging of which will involve no slagheaps.

The extent and quality of the Selby field was first discovered in the late 1960s and work began six years ago. The field is 110 sq miles (roughly the size of the Isle of Wight) and through this run five coal fields layered one above the other.

Prospects

The present mining operation, which is expected to continue for some 30 years, is solely concerned with one seam, the Barnsley. This is the seam on which Yorkshire's industrial revolution was built but in the new field it is richer and thicker than ever seen before.

The Barnsley seam through the Selby field ranges from 6ft to 11ft in thickness, 600m tonnes out of the field's total reserves of 2,000m tonnes. The NCB though will only be removing a half of the Barnsley seam, the rest stays in to support the land surface which will fall just under one metre as a result of the mining operation.

The scheme involves six complexes. All the coal will be brought out on conveyor belts from the two drivage tunnels at Gascoigne Wood just outside the coalfield. Here a train will be loaded with 1,000 tonnes of coal every half hour, day and night, five days a week, for shipment to the power stations.

There are also five shaft mines—Wistow, Riccall, Whitemoor, North Sleby and Stillingfleet at which men and equipment will be lowered down to the roadways to win the coal.

The two spine roads running south-west to north-east through which the coal will be hauled on 52in wide conveyor belts are 15kms in length. With the Barnsley seams sloping from 300 metres underground to a depth of 1,000 metres underground the NCB is fond of equating the angle of coal extraction from the farthest point of the field to Gascoigne Wood with that of a line drawn from Caernarvon Castle to the top of Snowdon.

The tunnels into the ground at Gascoigne Wood at an angle of one in four and the two main conveyor systems are powered by two 12,000hp motors.

The system of roadways in which coal will be dug is 70 metres above the coal moving spine roads, the two systems connected principally by 11 shafts down which coal will fall. Each shaft mine will have four faces each capable of producing at least half a million tonnes a year, the equivalent of a present day medium-sized coal mine.

Pointer

The whole operation, the success of which will be a pointer to what the NCB can do at the contentious proposed sites of Belvoir and South Warwickshire, has run relatively smoothly.

The biggest development problem has been the large quantity of water in the limestone and sandstone strata. The familiar technique of freezing during shaft sinking operations has been used, but flooding at the Wistow mine delayed operations there by up to nine months.

Mr Trevor Massey, deputy director of the NCB's North Yorkshire Area and the engineer in charge of the project points to the wide level of consultation which the board has entered into with the leaders of the local community as well as the smooth way in which the contractors have been working together.

These include such big names as French Kier, Dowsett and MacAlpine, Cementation Mining and Thyssen, Parsons and Cleveland Bridge.

The conveyor belts have been supplied by Anderson Strathclyde and Cable Belts.

The development at the Selby field is clearly acting as a small economic stimulus to the region even though most of the miners, who will be employed in the complex come from mines which are being run down elsewhere on the Yorkshire field.

Many of these men and their families intend living locally, however, and this is acting as a boon for some house developers, especially as the NCB is encouraging the new workforce to spread out across the area.

Selby, whose district council is building 50 new houses for rented accommodation and Sherburn in Elmet are likely to be the communities offering the most rented accommodation. Mineworkers, though, will be living as far afield as York and Tadcaster and private developers like Barratts have already moved in.

A small number of engineering companies have already sprung up or expanded on the back of the Selby development.

Nick Garnett

Sheffield sees growth in small businesses

Much new office space for Sheffield is on the drawing board, a substantial quantity of recently completed space is still vacant and the only real movement in the city's commercial property market is for the most part dominated by smaller businesses.

For all that, Sheffield is known predominantly as a steel town and has suffered the debilitating blows of recession as much as any other large conurbation. The city has in recent years attracted major white collar employers. Midland Bank, for example, runs its central administration and computers services department in the city and the Manpower Services Commission's (MSC) futuristic 350,000 sq ft offices at Moorfoot is a focal point for visitors.

But the MSC's move to Moorfoot last summer was from an aggregate 90,000 sq ft of accommodation in Don House and Sheaf House in the Pennine Centre and from Peel House. Each of these buildings remains empty.

The Steel City Plaza, comprising 121,000 sq ft at the junction of Townhead Street and Pinfold Street is still unlet, although the 130,000 sq ft Fountain Precinct—developed by Slough Estates at Orchard Street and Leopold Street—is gradually attracting more occupants. Some 25,000 sq ft of space has been filled by the arrival of an architectural practice, Building Design Partnership, a West German computer operation, Nixdorf, and the accountancy firm Peat Marwick Mitchell. Rents here are about £5 per sq ft.

The accountants moved from Cloister Chambers, which Humberside Properties has refurbished and let to Phoenix Assurance at a rent of over £5 per sq ft.

Good market

Estate agents in the city say that small businesses, often professional practices, are providing a good market for well-appointed, centrally-heated suites with air-conditioning and fitted carpets at rents of perhaps £5.50 per sq ft.

A great deal of space, for the moment, remains not much more than a gleam in the developer's eye. The Sheaf Valley scheme is designed to house over 250,000 sq ft of offices, a hotel and a massive shopping centre but no firm commitment to build has been given or, as local estate agents believe, is about to be given.

Facing the proposed Sheaf Valley site on the other side of the Parkway roundabout is the proposed £10m Canal Basin scheme to be developed by the city council, British Waterways Board and the publicly-listed leisure and property development group Brent Walker.

Sheffield has established itself as one of the more important commercial centres in the North. The town itself is pleasingly attached to public rather than clogging private transport — although driving is somewhat confusing for the private motorist—and companies seem to be prepared to stomach the rates bill. At £2.51 in the pound, the Sheffield commercial rate in the pound is said to be the second highest in the country.

The battering taken by the special steels industry remains central to Sheffield's future. MSC helped to create 1,900 office jobs in the last couple of years but employment losses in steel have probably been about ten times that number since the late 1970s. The city centre is undoubtedly lively and modern but in view of the fate of Sheffield forgemasters along that vast length of Atlas Street and beyond, its scope for future employment poses questions that Sheffield is not for one moment ignoring.

Ray Maughan

Strong marketing approach for regional attractions

Area's lively campaign pays off

THE YORKSHIRE and Humberside Tourist Board generated the second highest amount of money for commercial activities last year among all the English regional tourist boards. This figure of £179,000 is a reflection of the marketing approach of the YHTB. Its tourist guide is the most successful of all the regions and it has also started what might be the beginning of a unique network of centres giving advice to travelling businessmen. Halifax and Wakefield already have business centres and Scunthorpe is due to receive one next year.

It also reflects the many advantages possessed by the region. This is underlined by the £330m the English Tourist Board estimates was spent on business and leisure tourism in the region in 1980. A sixth of that came from foreign visitors. There was an estimated 10m leisure and business trips taken in Yorkshire and Humberside that year and 27m "tourist nights."

The region has a number of nationally important conference centres, some of the most beautiful countryside in Britain which has featured in half a dozen recent television series and movies, a lovely coastline and some outstanding natural and man-made attractions.

Harrogate is the region's biggest conference location. Last year the town, which now has a controversial £28m conference centre that will be a burden on the rates for decades but may have retrieved the town's economy from a slow slide downwards stages 545 conferences and 23 trade fairs. The council says the town benefited by £30m from those. At Sheffield, conferences brought in £10m last year and at Scarborough, £7m.

The most visited man-made tourist haunts are York Minster with an estimated 2m visitors a year and the National Railway Museum, also at York, with up to 1.4m visitors. These are followed by Harewood House, Fountains Abbey, near Ripon, Haworth with the Bronte Parsonage near Bradford and Castle Howard between York and Malton.

The magnificent 18th century Castle Howard, one of many great houses in the region was featured in the Brideshead Revisited television series. This was just one of a number of films which has assisted the board in promoting the area. They include James Herriot's vet series in North Yorkshire, Emmerdale Farm in Wharfedale and Last of the Summer Wine at Holmfirth.

The region has a number of nationally important centres—among them, the new Harrogate International Conference Centre (above), linked to six exhibition halls

The Yorkshire Dales is a national park and apart from beautiful countryside has very attractive villages such as Burnsall, Knaresborough, Pateley Bridge and Grassington. Using visitor information at national park information centres, Malham—in limestone country and an important centre for walkers and potholers—and Aysgarth Falls are the most frequented locations.

The coastline has popular resorts like Bridlington and Filey, a splendid competitor to Brighton in Scarborough and picturesque fishing towns and villages like Whitby, Robin Hood's Bay and Runswick Bay. South Yorkshire is Robin Hood country. Little John was reputedly born at Hathersage and the county's tourist tracks stretch out into the Peak District national park. Even the West Yorkshire industrial valleys have such jewels as the old weaving township of Heptonstall.

Some local authorities have been making special tourist efforts. As part of promoting the Bradford metropolitan area, the council has linked up with textile companies in package trips to the area's mill shops. The YHTB would like to be independent of both regional and national financial assistance. That is a tall order but so far the regional tourist board has adopted a professional attitude towards management and marketing which has resulted in it supplying half of its running costs from its own resources.

Among the services it offers is consultancy for small entrepreneurs who want to expand or introduce tourist facilities in the region. It has also set up an hotel consortium in which individual hotels pay up to £1,600 a year to the board which then provides marketing.

Nick Garnett

Leeds attracts new industries

LEEDS WAS always a very superior city, as Yorkshire cities go. In the old days, it was the only centre in the west of the county with a university, an Assize court and a population topping 500,000.

Its cultural and social life was wider and more sophisticated than its close neighbours — people in Bradford, Halifax and Huddersfield regarded Leeds as "a bit flash" — an opinion born of envy.

Leeds had a diversity of industry which helped it to ride out economic storms more successfully than its near-neighbours. It always regarded itself as the capital of West Yorkshire, and now has no doubt that it is the real capital of the Yorkshire and Humberside region.

The city was fortunate in the 1960s and early 1970s when it attracted the cream of the new economic development — the banks, the insurance companies wanting to set up regional headquarters and even national headquarters outside London. All the clearing houses have their regional centres in the city, the foreign and merchant banks have big operations there, and national companies, such as Hambro Life, have set up there.

So Leeds has been cushioned from the worst of the recession. Mr Ron Taylor, director of Leeds Chamber of Commerce and Industry, says: "Just recently the service industries that came here in the 1960s have shown some decline, but there is no doubt that had it not been for them, we should have been in difficulties."

Leeds has faced the now classic problems of Britain's old manufacturing centres. Once it could almost survive on its clothing manufacturing industry alone — an industry led by Burton, Hepworth and the rest of the multiple tailoring groups with factories in the city.

To illustrate the decline in these old manufacturing areas, Mr Taylor points out that at the end of last year there were 78,910 workers employed in clothing, wool textiles and leather industries in West Yorkshire. In 1949, there were 63,000 working in those industries in Leeds alone.

But the attempt to attract new industries goes on. A big site at Killingbeck has been desgnated as a Science Park—with backing from Leeds Metropolitan Council. This is meant to be a special area for high technology industries.

The city fathers feel that with one of the oldest redbrick universities on the doorstep and excellent polytechnics, the city is an ideal place to base microchip-orientated industries.

Mr Taylor believes that this development is already paying off.

"In the last year," he said, "we have welcomed 120 new members to the chamber, and over 40 of them had some connection with computers or some form of high technology. Yorkshire has always looked to Leeds for its more sophisticated services and I expect this trend to continue."

Prospects

But the immediate prospects do not look too good, Mr Taylor admits.

"We were expecting an improvement in the local economy between now and Christmas," he said, "but now it looks as if there could be another downturn. We have lower unemployment figures than most of our Yorkshire neighbours—this is one of the reasons why we have lost our Assisted Status—but I believe things could get worse. But I've no doubt that we'll come out right eventually."

Reasons for local optimism include the influx of new technology operations in the city, the fact that of the big traditional manufacturing companies which have been with the city since its late Victorian golden age, none has closed down completely, although there have been cuts and redundancies.

"We have survived by diversification," Mr Taylor said, "and I'm convinced we will continue to do so."

After several years of argument, public inquiries, and clashes with conservationists, the Leeds-Bradford airport at Yeadon, a few miles from both of the cities, is going ahead with its extension scheme. This means extended services for local businessmen travelling regularly to the EEC countries and a capacity to take the big jets.

Another vital infrastructure plan, which Leeds feels is vital for its economic development is the extension of the old A1 main road. This is still the subject of a public inquiry—again sparking off a dispute between the city and its smaller neighbours, Bradford, Halifax and Huddersfield to the west. They want a road to the west of Leeds providing links from Teesside to Manchester and Birmingham.

"Leeds wants the road to go east — Mr Taylor says: "This will open up a lot of vacant industrial land for new use."

Alan Forrest

WORLD STOCK MARKETS

Dow sheds 7.6 in early trade

AFTER WEDNESDAY'S fresh upsurge to a 17½-month high, Wall Street was held back yesterday morning by profit-taking concentrated in Blue Chip issues, and the market made a mixed overall showing at mid-session.

The Dow Jones Industrial Average Blue Chip indicator receded 7.63 to 1,007.45 at 1 pm, but the NYSE All Common Index lost just 2 cents to $78.28 and rises led falls by a four-to-three margin. Trading was active but well below recent levels, volume amounting to 63.89m shares (91.87m) at 1 pm.

Michael Metz, of Oppenheimer and Co, said a "two-tier market" is developing as the Blue Chip stocks that led the market during its recent rally start to fade and speculative and energy-related issues move higher.

"The big institutions are stepping aside and consequently the heavily-capitalised stocks favoured by them are falling off," he added.

Oil Services stocks were particularly strong. Analysts said the group is benefiting from expectations of an increase in drilling activity that may result from the Federal Government's sale of leases off the Alaskan North Slope on Wednesday. Unit Drilling rose 1⅞ to $9¾, Dyco Petroleum 1½ to $16⅛, Global Marine ⅝ to $11½, Sedco $1 to $80⅞, Transco $1 to $34 and Lear Petroleum 1⅛ to $15⅞.

Poor third-quarter earnings reports knocked down several stocks, Continental Illinois, the second most active stock, fell $2 to $21 after reporting a drop in operating earnings to 81 cents a share from $1.70 last year.

Other stocks that fell in lower earnings include Eastman Kodak, down 1½ to $91½, Raytheon, ⅞ to $43½, Mead ⅝ to $18⅞, and PPG, $1 to $44½. Chase Manhattan gain 1⅞ to $49½ despite reporting a slight decline in earnings.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index advanced 4.08 more to 318.87 at 1 pm. Volume 6.54m shares (8.80m).

Canada

Markets advanced afresh in further active early dealings, but were below the morning's best at mid-session. The Toronto Composite Index was up 5.9 at 1,805.4 at noon, while Oil and Gas rose 54.7 to 2,993.9 and Golds 12.4 to 2903.8.

Tokyo

Caution over the recent sharp rally on the Tokyo stock market brought profit-taking yesterday, but a partial late afternoon rally left stock prices closing on a mixed note.

The Nikkei-Dow Jones Average, after receding some 40 points, recovered to end slightly harder on the day at 7414.80, up 3.22, but the Tokyo SE index lost 1.39 at 552.68. Trading slowed from the recent fast pace, volume contracting to 380m shares from Wednesday's 520m.

Investors and operators tended to hold off to see who will succeed outgoing Prime Minister Zenko Suzuki, and whether economic policies will be changed by a new Administration.

However, sparking off the late rally were rumours that Hitachi, now facing charges of stealing IBM computer secrets, may reach an out-of-court settlement with the U.S. computer maker. Hitachi was finally a net Y5 up at Y755.

Other Computer issues rallied, with Hitachi, while Oils and Machineries advanced, but Motors turned sharply lower.

Sony gained Y80 at Y3,930, Nippon Oil Y28 at Y880, Toa Nenryo Y17 at Y752, Komatsu Y19 at Y574, Hitachi Seiki Y17 at Y291 and Fuji Heavy Y22 at Y622.

In contrast, Toyota Motors shed Y28 to Y952, Honda Motor Y21 to Y899, Shionogi Y27 to Y760, Ricoh Y8 to Y708, Kawasaki Heavy Y7 to Y163, Mitsubishi Heavy Y6 to Y200, Toray Y8 to Y359, Nippon Steel Y5 to Y135, and Toshiba Y10 to Y364.

Germany

Leading shares failed to hold early good gains, posted on the back of Wall Street's 17-month high overnight, and retreated in a moderately active session to finish mixed.

Dealers cited strong profit-taking after the recent rally, with the downturn led by Stores issues. Brokers theorised that the market saw the financial and economic reforms contemplated by the new Government of Chancellor Helmut Kohl as a threat to consumer purchasing power.

There were also rumours of a sharp fall in earnings by Karstadt, which retreated DM 7.30 to DM 212.50. Elsewhere in Stores, Kaufhof declined DM 6 to DM 180 and Horten DM 4 to DM 126.

Public Authority Bonds advanced afresh in step with a strong New York closing the previous day, recording rises extending to 80 pfennigs. The Bundesbank sold DM 37.5m of stock.

Paris

Shares forged ahead in active trading, bolstered by Wall Street's fresh surge overnight and assurances from French Economics Minister Jacques Delors that domestic interest rates will come down. Advances led declines by five-to-one in the French section and the Indicateur de Tendance index rose 2.5 to 120.0.

Hong Kong

Speculators gave some support to Hong Kong markets yesterday, getting partially into the bullish spirit continuing to prevail on Wall Street on Wednesday.

Trading, however, remained thin. Brokers described the improvement largely as a belated response to the Wall Street upsurge but also to some speculation that local interest rates might be coming down soon. However, several analysts said they had strong doubts about an interest cut here at this time because the local currency is still very weak against the U.S. dollar.

Speculators, brokers added, have become used to the uncertain political environment and are slowly moving back into the market.

The Hang Seng Index picked up 27.31 to 884.58 while turnover totalled HK$212.99m on the four exchanges, against HK$113.29m in the short Wednesday session.

Australia

Stock prices were mixed at the close of a session featuring heavy trading in several stocks on take-over speculation.

Mining issue CRA fell initially on a rumour that it was about to ask shareholders for more cash. A rumour then spread that CRA was making a bid for the publicly-held shares in Comalco, fuelled by reports of several sizeable block trades in Comalco at prices above the market level. The situation was eventually resolved when it was learned that Kaiser Aluminium and Chemical was selling its 45 per cent equity stake in Comalco to CRA and the AMP Society, Australia's largest insurance group. CRA, after falling to A$3.60, subsequently picked up to A$3.80, only 10 cents lower on the day. Comalco also lost 10 cents at A$2.15.

Johannesburg

The strong rise in the Bullion price lifted Gold shares sharply, but activity was somewhat restricted with overseas interest curbed by the higher Financial Rand.

Randfontein moved ahead R5 to R113, Buffels R3 to R60, ET Cons R2 to R19.25 and Saiffies 55 cents to R7.85. Platinums followed Golds, with Rustenburg climbing 35 cents to R6.35.

Diamonds had De Beers 20 cents up at R7.40, but Mining Financials were mixed with mainly small movements.

NEW YORK

Indices

CANADA

Stock	Oct. 13	Oct. 12
AMCA Intl	18⅛	18
Abitibi	17½	17
Agnico Eagle	13	12½
Alcan Alumin	36¾	35¾
Algoma Steel	27	26¾
Asbestos	11¼	11¼

DENMARK

Oct. 14	Price Kr.	+ or −
Andelsbanken	118.6	
Baltica Skand	332	−3
CopHandelsbank	128	
D. Sukkerfab	394	+0.8
Danske Bank	128	
East Asiatic	60	−2.4

HOLLAND (continued)

Oct. 14	Price Fls.	+ or −
Gist-Brocades	91.5	+0.5
Heineken	71.6	−0.5
Hoogovens	14.7	+0.2
Hunter Douglas	7.8	
Int Muller	16.2	
KLM	95.1	+0.5
Naarden	23.1	+0.1

AUSTRALIA

Oct. 14	Price Aust. $	+ or −
ANZ Group	3.52	−0.08
Acrow Aust	1.40	
Ampol Pet	1.38	
Assoc. Pulp Pap	1.90	+0.5
Audimco	0.10	
Aust. Cons. Ind.	1.24	−0.03
Aust. Guarant.	2.25	−0.02
Aust. Nat. Inds.	2.90	

JAPAN (Continued)

Oct. 14	Price Yen	+ or −
Kubota	329	
Kumagai	385	−10
Kyoto Ceramic	5,900	−10
Lion	348	−7
Maeda Const.	530	−4
Makita	750	−21
Marubeni	270	+2
Marudai	529	−9

FRANCE

GERMANY

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

NEW YORK ACTIVE STOCKS

More specialised markets see index-linked Gilts jump

Equity index loses early rise to close unchanged

Account Dealing Dates

*First Declara- Dealings	tions Dealings	Last Dealings	Account Day
Oct 4	Oct 14	Oct 15	Oct 25
Oct 18	Oct 28	Oct 29	Nov 8
Nov 1	Nov 11	Nov 12	Nov 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets became highly specialised yesterday. The session began brightly with Government securities resuming their advance after Wednesday's slight setback and leading shares following Wall Street's overnight rise to 17½-month high.

The initial tone in Gilt-edged was sufficiently good to allow the authorities to sell more of the new tap stock, £20-paid Treasury 9½ per cent 1988, at 20¼, and withdraw at that level. Shortly afterwards, official supplies of the two index-linked issues, Treasury 2 per cent 1988 and Treasury 2½ per cent 2001, were exhausted and this triggered aggressive support of all index-linked stocks.

Yield attractions accounted for part of the demand and sustained selling developed in conventional Gilts, suggesting that speculators were raising funds to purchase index-linked. Stock shortages accelerated the upturn and 2½ per cent 2001 closed 2½ up at 97 and 2 per cent 2006 rose 2 points to 100¼; both ended a shade below the day's best.

Conventional longer-dated Gilts surrendered early gains ranging to ½ to settle that much lower on balance. At the shorter end of the market, Treasury 12¼ per cent Convertible 1986 also rescinded a half-point rise and finished ½ cheaper on the day at 115¼, after 115½. The FT Government Securities index slipped 0.27 to 83.10.

A squeeze on professional short positions assisted the early firmness in leading and popular shares, although a relatively subdued Electronics sector was indicative that funds were being reserved for Standard Telephones and Cables' big share offering today. Oils and Composite Insurances again figured prominently but ended below the highest of the day.

The generally improved tone was maintained throughout the morning but became brittle in the afternoon, especially on reports of Wall Street's early reaction yesterday. The result was that the FT Industrial Ordinary share index finally gave up all its earlier rise, which amounted to 6.3 at 1 pm, to close unchanged at 604.9. Talk that an influential broker had downgraded profit estimates for its portfolio applied, in fact, only to Grand Metropolitan.

The issue of £75m European Investment Bank 11 per cent 2002 was oversubscribed and applications for stock in excess of £50,000 were scaled down; dealings in this latest bulldog issue begin this morning in £30-paid form.

Home Banks dull

Adverse comment in the wake of the ½-point cut in base lending rates to 9½ per cent, the lowest level for four years, prompted dullness in the major clearing banks. Barclays and Lloyds lost 10 to the common level of 378p, while NatWest softened a few pence to 432p, after 430p. Midland, however, displayed resilience and hardened 2 to 290p. The cheaper money trend continued to fuel demand for Discount Houses; Union advanced 15 more making a jump of 95 on the week so far to 625p. Cater Allen put on 10 to 435p and Gerrard and National gained the same amount to 405p; the latter's interim figures are scheduled for next Tuesday.

Composite Insurances continued firmly, attracting renewed support on yield considerations. Technical influences also played a part in bringing fresh gains of 10 to GRE, 372p, and Royals, 445p. Sun Alliance advanced 25 more to 910p and General Accident gained 8 to 326p. Among Brokers, C. E. Heath rose 8 to 368p.

Leading Breweries held close to the overnight positions in a generally lack-lustre business. Grand Metropolitan provided a notable exception, however, falling 7 to 294p on a downgraded profits forecast. Regionals continued to respond to scattered support with Vaux 5 up at a 1982 high of 206p, and G. Ruddle a similar amount dearer at 226p.

The undertone in Buildings remained firm on interest rate considerations, but quotations closed below the best on end-Account influences. Barratt Developments touched a 1982 peak of 414p before closing 4 dearer on balance at 410p. On the other hand, Marchwiel gained 4 to 150p on new-time interest, while renewed demand in front of the interim results, due next Thursday, lifted F. J. C. Lilley 6 to 206p. Mixconcrete, the subject of an agreed 210p per share bid from Pioneer Concrete, rose 2 to 212p on hopes that English China Clays would come back with a higher offer. Among the companies reporting, John Mowlem reacted 8 to 222p on disappointment with the interim results, while John Finland shed 6 to 126p following the uninspiring half-year profits. C. H. Pearce gave up ½ to £12 following the preliminary statement, but Ben Bailey's annual results and the chairman's confident statement lifted the shares a penny to 15p. Aberthaw, a thin market, jumped 20 to 355p on the better-than-expected interim figures. Roberts Adlard put on 6 to 148p, the board's confident statement outweighing the lower interim profits.

ICI met renewed support and touched 314p before reacting on end-Account influences to close just 2 dearer on balance at 308p. Novo Industries B dropped to 140p on rumours regarding patent problems with the company's products before rallying on the company's denial to leave the close only a point down on balance at £147.

Further bad news for already shell-shocked mail orders was provided by Empire Stores; the expected lapse into losses at the mid-term stage accompanied by the omitted interim dividend and the chairman's gloomy view on future trading saw the shares plummet to 73p before rallying towards the close to finish 6 down on balance at 82p. Freemans and Grattan, which both announced similarly disappointing results last week, both eased 2, to 90p and 82p respectively. Great Universal, awaiting the Monopolies Commission decision regarding the group's offer for Empire, came under pressure and the A closed 18 off at 565p.

Other Store majors were also unsettled by Empire's announcement, but business here again left much to be desired. Marks and Spencer shed 5 to 201p. Elsewhere, Harris Queensway gave up 6 more to 276p on consideration of the chairman's share sale.

Among Shoes, press-inspired recovery hopes lifted Pittard a couple of pence to 44p, while Ward White improved a like amount to 78p following the increased interim profits.

Conditions in the Electrical sector were much quieter than of late with some investors reserving funds for the big offer for sale of ITT's 40m shares in Standard Telephone and Cables at 525p per share; application lists open today. Anticipating a heavy oversubscription for the shares, STC moved up sharply to 613p before closing a net 19 higher at 602p. Racal met further profit-taking and lost 17 to 573p, while Plessey gave up 7 to 625p and GEC ½ to £12¼. Farnell fell 10 to 243p, as did MK, to 283p, but Sound Diffusion improved 8 to 166p, the last-mentioned ahead of next Wednesday's interim statement.

Green's Economiser became a dull counter in Engineerings, falling 12 to a 1982 low of 75p following the interim profits setback. Greenbank, on the other hand, firmed a few pence to 50p following satisfactory half-year figures, while Johnson and Firth Brown edged forward a fraction to 7p on further consideration of the group's sale of seven subsidiary companies to London and Midland Industrials. Delta rose 3½ to 48p and Benjamin Priest 2½ to 18½p.

In Foods, Glass Glover continued to respond to favourable press comment and put on 10 for a two-day gain of 28 to 188p. Midland Marts shed 2 to 58p following the half-yearly results, while Danish Bacon A were marked down a couple of pence to 62p on the British Curers' decision to slash £40 per ton off wholesale prices.

Glaxo roar on

Glaxo continued its meteoric rise among the miscellaneous industrial leaders, rising ¼ further to £11, after touching an all-time peak of £11¼; the shares have now leapt nearly £2½ since the annual results and proposed 100 per cent scrip-issue were announced on Monday. Elsewhere, Fisons attracted a useful demand and reached 463p before closing a net 12 up at 447p. Unilever appreciated 15 to 745p but, reflecting the dullness of the Stores sector, Boots lost 7 to 258p. Elsewhere, London and Liverpool Trust, recently the subject of an investment recommendation, improved 8 more to 91p following acquisition details. Talk of bullish reports emanating from an analysts' meeting helped J. Bibby to advance 25 to 315p. Dealings in Nu-Swift were resumed and the close was a penny dearer at 43½p following the result of September Purchasing's tender offer.

The sharply increased interim profits and the chairman's cheerful statement prompted a gain of 4 to 66p in Barr and Wallace Arnold Trust A. Pleasurama touched 340p before closing a net 7 up at 335p on hopes that the company would be granted a gaming licence for the Embassy Club in Old Bond Street. Nimslo attracted renewed speculative demand and touched 262p before settling a net 16 higher at 255p, while Glasgow Pavilion rose 3 to 10p in a thin market on the appearance of a solitary buyer.

Motor Distributors featured GSG International, which were briskly traded and closed 3 dearer at 13p following an investment recommendation.

A closer examination of the interim statement prompted "cheap" support of Jefferson Smurfit, which firmed 4 to 50p. Interest also revived for British Printing and Communication, 3 up at 38p, and for advertising agency Saatchi and Saatchi, 20 higher at 520p. Among Publishers, News International hardened a few pence to 98p, after 100p, following the annual results.

A few pence firmer initially, leading Properties drifted back in the absence of worthwhile support and closed virtually unchanged. Hammerson A softened 5 to 560p awaiting today's interim results. Stewart Nairn attracted revived speculative support and put on 3 to 38p, while Selangor Properties gained 13 to 120p; a statement from the latter is expected today. Markheath lost 4 to 182p following the interim results.

Ultramar good

The revival in the recently neglected Oil sector continued and early demand enabled quotations to take the previous day's gains a useful stage further before the leaders ended below the best. Ultramar stood out with a gain of 22 at 472p, after 478p, on talk of a broker's bullish circular, while British Petroleum and Shell both closed 4 dearer, at 318p and 438p respectively. Tricentrol, after opening sharply higher at 192p, subsequently settled at 186p for a net gain of 10, while Sovereign closed with a similar improvement at 245p. IC Gas put on 10 to 207p, while British Borneo, a neglected market recently, gained 12 to 258p.

Among Overseas Traders, Lonrho returned to favour and improved 3 to 90p, after 91p. Inchcape, interim results later this month, firmed 4 more to 265p, but Steel Bros eased 7 to 238p following disappointing interim figures.

Vantona remained friendless and shed 4 for a two-day loss of 13 at 106p; late rumours suggested that the company is set to launch a 1-for-8 share exchange offer for Carrington Viyella, unchanged at 9p.

Among Plantations, Barlow Holdings announced a 26 per cent increase in first-half profits but dipped 6 to 48p on the Inland Revenue's objections to a capital repayment to shareholders in the wake of the recent £20m Malaysian plantation sale.

Golds/Platinums surge

The latest upsurge in precious metal prices—bullion advanced $20 to $451.5 an ounce and free market platinum jumped $28 to $471—prompted heavy gains in South African Golds and Platinums while the strength of copper and other base-metals encouraged substantial improvements in leading base-metal producers.

Platinums surged ahead for the third successive day following renewed and heavy Johannesburg and U.S. buying interest.

Impala added 18 more to 326p—a three-day gain of 54—Rustenburg moved up 16 to a 1982 high of 278p—64 firmer over the three-day period—and Lydenburg gained 16 to a year's high of 178p.

Golds advanced to their best levels since September 14 last year with the Gold Mines Index posting a 22.3 advance to 421.5.

Similarly to Platinums the major part of the buying in Golds emanated from South Africa and the U.S. took prices progressively higher until profit-taking in the after-hours' trading saw the market close a fraction below the day's best.

The top-quality heavyweights continued to be featured by Randfontein, which raced ahead to close £2¼ up at a year's high of £49¼, while Hartebeest were aggressively bought and closed £2 firmer at a high of £36¼.

Increased demand for Traded Options resulted in 3,253 contracts being done with Oils again to the fore. British Petroleum recorded 658 calls with the October 280's gaining 10 to 42p, and the October 300's rising a like amount to 24p. Shell Transport attracted 240 calls and the October 420's rose 10 to 23p. Lonrho returned to favour reflecting the strength of the underlying share price and 362 calls were transacted with the November 80's closing 4 up at 13p.

FINANCIAL TIMES STOCK INDICES

	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 8	Oct. 7	A year ago
Government Secs.	83.10	83.37	83.56	82.83	80.95	80.28	61.66
Fixed Interest	84.28	83.97	83.53	83.03	81.61	81.17	62.72
Industrial Ord.	604.9	604.9	603.9	606.1	592.9	599.4	473.9
Gold Mines	421.5	399.2	403.6	401.5	401.1	386.3	304.9
Ord. Div. Yield	4.87	4.85	4.70	4.70	4.80	4.76	6.29
Earnings, Yld. % (full)	10.36	10.38	10.42	10.33	10.63	10.59	10.68
P/E Ratio (net) (*)	11.61	11.57	11.53	11.60	11.27	11.30	12.02
Total bargains	24,756	26,065	26,708	28,064	24,290	20,504	14,971
Equity turnover £m.	—	202.93	257.89	183.03	201.17	251.56	87.36
Equity bargains	—	19,384	23,287	19,483	20,939	17,988	10,096
Shares traded (ml)	—	198.1	154.6	120.7	133.5	147.0	74.8

10 am 611.0. 11 am 610.6. Noon 611.0. 1 pm 611.2. 2 pm 609.2. 3 pm 605.8.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. Nil = 10.81.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.86 (12/10)	61.88 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.38 (14/10)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	606.1 (11/10)	518.1 (5/1)	606.1 (11/10/82)	49.4 (26/6/40)
Gold Mines	431.5 (14/10)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 13	Oct. 12
—Daily		
Gilt Edged Bargains	331.7	337.7
Equities Bargains	125.6	150.9
Value	490.0	680.8
5-day Avrge.		
Gilt-Edged Bargains	310.3	287.8
Equities Bargains	131.0	124.2
Value	436.2	412.8

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	14½	14	Amal.TinMines Nig.1p	14	−½	—	—	—	—
¶¶	F.P.	—	82½	65	Antofagasta Hldgs£1	67	......	7.0	3.6	14.9	2.1
—	F.P.	—	24	22	Beradin Holdings 5p	23	......	0.65	1.3	4.0	24.7
¶¶	F.P.	—	6	6	✠BerkeleyH.H.Inv10p	6½	+½	—	—	—	—
35	F.P.	7/9	75	44	✠Bio-Isolates 10p	76	+2	—	—	—	—
90	F.P.	29/10	29	87	✠Breville Europe 10p	91	......	u4.9	2.2	7.7	8.8
80	F.P.	—	72	55	✠Ciro 10p	72	......	u5.92	1.9	7.3	10.0
¶¶	F.P.	—	51	25	✠Delmar Group	25	......	u1.68	2.4	9.6	6.2
§10	F.P.	15/10	12½	15½	✠F.K.I. Elect. 10p	17½	−½	b0.2	4.8	1.6	18.2
80	F.P.	24/9	64	48	✠Hadson Pet. Int.5p	56	+2	—	—	—	—
§73	F.P.	12/11	92	87	✠Hunterprint	87	......	b3.15	2.5	5.2	6.1
§110	F.P.	17/9	187	159	✠Int'europeTech.20p	187	+2	u4.0	1.8	3.1	28.2
§20	F.P.	12/11	22	21	✠Keen&Scot Hign10p	22	......	F1.0	—	6.5	—
—	F.P.	—	24	20	Rvr Plate & Gen. Wrrts	22	......	—	—	—	—
—	F.P.	—	24	22	Twinlock 10p	25	......	—	—	—	8.7
§84	F.P.	12/11	84	78	✠Wingate Prop. Inv.	78	−2	b1.5	1.5	2.9	31.6

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	95p	90p	Anglo Indonesian 2½% Cnv. Com. Pref.	95p	+1
¶¶	F.P.	—	60p	62p	Antofagasta 3.6% Pref.(£1)	55p	......
97.504	£20	4/3	29¼	24	BOC 12¼% Uns. Ln. 2012-17	26¼	−½
96.594	£20	—	22½	24½	Hydro Quebec 12¾% Ln. 2015	23½	−¼
100	F.P.	—	106¼	105½	Islington Corp. 12.65% Red. 2007	106½	......
97.705	£25	18/2	32	26	MEPC 12% Fst. Mort. Deb. 2017	32½	......
§100	F.P.	29/10	103½	100½	Mid-Sussex Water 12⅛% Red. 87/89	106⅛	......
100	F.P.	—	101	100	Nationwide Bdg. Soc. 11⅝% (8/10/83)	101	......
98.626	F.P.	—	102	100½	Scot. Mort. 8-14% Stepped Deb. 2020	100½	......
99.504	£20	—	20¼	26¾	Seagram Distillers 12¾ p.c. Deb 2012	22¼	−½
99.926	£25	11/3	28½	24½	Std Chart.12⅞ Sub Ord Uns Ln 2002/7	27¼	−½
—	F.P.	—	28½	26	Twinlock 15% Uns. Ln.	28½	......
98.178	£25	—	29¼	28¾	Vaux 11¾% Deb. 2010	28¾	−½

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price	+ or −
117½	Nil	—	—	12pm	10pm	Afax Corp. SA $1.50	10pm	−1
100	Nil	—	—	107pm	83pm	✠Cornell 8p	83pm	−4
21	F.P.	11/10	12/11	44½	31½	Muston Bros. 10p	34½	......
7.76	Nil	—	—	1½pm	1pm	Raglan Prop. 1p	1pm	......
170	F.P.	6/10	11/11	195	168	Tricentrol	186	+6
25	F.P.	8/10	19/11	51	97	U.U. Textiles	98½	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ¶ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
De Beers Defd	322	+18	Mercantile House	500	+10
Empire Stores	82	−6	Randfontein	£49¼	+2¼
Fisons	447	+12	Rustenburg Plat	278	+16
Glaxo	£11	+¼	Shell Transport	438	+4
ICI	308	+2	Standard Telephones	602	+19
London & Liverpool	91	+8	Ultramar	472	+22

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Wed. close	Day's change	Stock	No. of changes	Wed. close	Day's change
Royal Ins	20	435	+7	GRE	11	362	+12
Shell Trans	13	434	+11	ICI	11	306	+2
BP	18	314	+14	Polly Peck	11	720	+5
Glaxo	12	£10⅞	+¼	Union Discount	11	610	+30
Jhnsn Matthey	12	425	+10	BAT Inds	10	635	−2
Comm Union	11	135	+5	Beecham	10	395	−2
Grand Met	11	301	−7	Harris Q'nsway	10	282	−6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Oct 14 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Oct 13 Index No.	Tues Oct 12 Index No.	Mon Oct 11 Index No.	Fri Oct 8 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (74)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	377.98	+0.2	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs Oct 14	Day's change %	Wed Oct 13	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	77.98	+0.86	77.32	—	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Thurs Oct 14	Wed Oct 13	Year ago (approx.)
1 British Government Low	5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4 Medium	5 years	[illegible]	[illegible]	[illegible]
5 Coupons	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7 High	5 years	[illegible]	[illegible]	[illegible]
8 Coupons	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]
11 Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14 Preference		12.52	12.64	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (317)

CORPORATION LOANS (8)
COMMONWEALTH & AFRICAN LOANS (2)
LOANS (6)
FOREIGN BONDS (1)
AMERICANS (25)
CANADIANS (8)
BANKS (8)
BREWERS (7)
BUILDINGS (21)
CHEMICALS (5)
DRAPERY & STORES (6)
ELECTRICALS (19)
ENGINEERING (27)
FOODS (9)
HOTELS (1)
INDUSTRIALS (39)
INSURANCE (14)
LEISURE (3)
NEWSPAPERS (3)
PAPER (4)
PROPERTY (7)
SHOES (1)
TEXTILES (3)
TRUSTS (107)
OIL & GAS (9)
OVERSEAS TRADERS (1)
PLANTATIONS (1)
MINES (11)

NEW LOWS (32)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	95	[illegible]
Corpns. Dom. and Foreign Bonds	22	6	47
Industrials	307	197	828
Financial & Props.	264	43	216
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	815	360	1,223

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 11	Oct 22	Jan 13	Jan 24
Oct 25	Nov 5	Jan 27	Feb 7
Nov 8	Nov 19	Feb 17	Feb 28

For rate indications see end of Share Information Service

Demand for Options improved and calls were transacted in ICI, Glaxo, Premier Oil, Chloride, Empire Stores, Ladbroke, Lonrho, First National Finance, Quest Automation, New Throgmorton, North Kalgurli, Bio-Isolates, Trident TV, Turner and Newall, Howard Machinery, Grand Metropolitan, Charter Consolidated, Sutar and Land Securities. A put was taken out in BSG, while doubles were arranged in Lonrho, Lasmo and Empire Stores.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 13 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. (a) U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

FT COMMERCIAL LAW REPORTS

No privilege for trademark agent documents

DORMEUIL FRERES SA AND OTHERS v DORMIRE MENSWEAR LTD AND OTHERS
Chancery Division: Mr Justice Nourse: October 5 1982

WHERE A trademark agent acts on behalf of a party to a dispute in the same way as a solicitor would have acted had one been instructed, correspondence between the party and the agent is not protected by legal privilege as it would be in the case of a solicitor, and may be subject to an order for its production in legal proceedings.

Mr Justice Nourse so held when ordering the defendants, Dormire Menswear Ltd and others, to produce all correspondence passing between them and their trademark agents relating to matters in an action by the plaintiffs, Dormeuil Frères SA and others. The order did not extend to production of correspondence which might already be covered by legal professional privilege.

* * *

HIS LORDSHIP said that the plaintiffs and defendants were both concerned in the business of selling cloth or ready-made suits for men, and other clothing. Each applied for, and opposed, the other's applications for registration of trademarks for men's clothing.

For a substantial period of the resulting dispute the defendants were represented by their trademark agents, and not by solicitors. The agents acted for them in the same way as solicitors would have done had they been instructed.

In a passing-off claim by the plaintiffs against the defendants, and counterclaims by the defendants for passing-off and infringement of their registered trademarks, the defendants claimed privilege for correspondence between them and their trademark agents.

For many years it had been the practice of patent agents and trademark agents to conduct proceedings at the Patent Office and Trade Marks Registry, without the intervention of solicitors. In many cases solicitors were retained, but in others they were not.

It had also been the practice for patent agents and trademark agents to instruct counsel direct in matters within their competence, without a solicitor's intervention.

Mr Platts-Mills, for the defendants, submitted that legal professional privilege should apply to communications between the defendants and their trademark agents. He said that privilege was developed to facilitate the due administration of justice. It enabled the parties to pursue litigation with a degree of freedom in their relationships with those conducting it on their behalf, and it enabled those not engaged in proceedings to obtain full and frank advice as to their rights.

He relied on *Greenhough v Gaskell* (1833) 1 My & K 98 where Lord Brougham said at page 103: "If the privilege did not exist . . . a man would not venture to consult any skilful person or would only dare to tell his counsellor half his case."

Mr Platts-Mills submitted that if it was now the practice for trade-mark agents to act on behalf of clients in place of solicitors, then it was only right and sensible that they should be in the same position as solicitors, and that communications which would be privileged where a solicitor was acting should equally be privileged where a trademark agent was acting.

Mr Morcom, for the plaintiffs, submitted that with one exception there was no case in which legal privilege had been held to apply to persons other than those with a full legal qualification, in the UK or elsewhere. He referred to cases in which the point was made.

In *Wheeler v Le Marchant* (1881) 17 Ch D 675 Sir George Jessel MR said at page 681: "The protection is of a very limited character and . . . is restricted to obtaining the assistance of lawyers." At page 683 Lord Justice Brett said that privilege was "confined entirely to communications . . . for *obtaining legal* advice from professional persons." It was clear that when he referred to "professional persons" he meant persons who had a full legal qualification.

In *Moseley v Victoria Rubber Company* (1886) 55 LT 482 Mr Justice Chitty said at page 485: "Communications between a man and his patent agent are not privileged." Mr Morcom submitted that the specific enactment by section 15 of the Civil Evidence Act 1968 that in certain circumstances a patent agent should be in the same position as a solicitor, was a recognition that privilege did not previously apply.

He said that a trademark agent could not be in any different position from that applicable to a patent agent at common law before 1968. Since there had been no statutory provision for a trademark agent, the privilege could not apply.

The one exception in which privilege had been held to apply in respect of someone without full legal qualification, was *Al & Y Crosstock Ltd v Wollens* [1973] 2 All ER 568. The reasoning in that case was, however, limited to proceedings before industrial tribunals and the National Industrial Relations Court.

Mr Platts-Mills said that the general philosophy of that decision should be applied, particularly since the earlier cases were decided at a time when proceedings could only be conducted by solicitors and counsel.

He said that in those days it was never necessary for anybody to consider whether the privilege should apply where other professional men or non-professional men were concerned in advising clients or in conducting litigation. *The rule* should now be quite different.

It did seem a little odd and perverse that if a trademark agent were entitled to advise a client on certain legal matters, and to conduct certain legal proceedings on his behalf, that the same privilege should not apply to him as would apply to a solicitor.

Nevertheless, his Lordship concluded that it was not open to him to fly in the face of the well-established rule as enunciated in *Wheeler v Le Marchant* and in *Moseley*, and the fact that in 1968 the legislature thought it necessary to extend the privilege to patent agents.

In those circumstances, but with some reluctance, he ordered that the defendants should produce to the plaintiffs all correspondence passing between them and their trademark agents which related to matters in the action.

Leave to appeal was granted.

For the plaintiffs: *Christopher Morcom (Joynson-Hicks and Co).*

For the defendants: *Mark Platts-Mills (S. J. Grey and Willcox, Birmingham).*

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

YESTERDAY MORNING'S rumours that Gorytus is coughing and out for the season were quickly scotched by Dick Hern and the colt duly lines up for today's William Hill Dewhurst Stakes.

Gorytus must be the selection on the form book, although it is difficult not to share Lord Howard de Walden's view that his easy William Hill Middle Park Stakes winner Diesis is quite capable of making up into a miler to rate alongside his full brother Kris.

Gorytus so impressive at York on his debut, worthily conquered Proclaim by five-lengths in Doncaster's Laurent Perrier Champagne Stakes last month and, encouragingly, the time left nothing to be desired on both occasions.

Whatever his fate on Diesis, the double century-chasing Piggott looks set for at least one winner as Vorvados looks weighted to land the Phantom House Handicap. The winner of four races already this season, this grey horse was seen at his best under Piggott's most forceful handling when just lasting home ahead of his rivals in the Portland Handicap at Doncaster.

More recently seventh of 14 in a blanket finish to the Ladbrokes Ayr Gold Cup, in which only 4½ lengths covered that half of the field home, Vorvados meets the third, Camisite, on more favourable terms.

Some smart two-year-old fillies have accepted for the Rockfel Stakes in which none has better credentials than Marshall Jenney's unbeaten Flamenco. The seven-length winner of a modest event at Salisbury on her debut in early July, Flamenco then looked a little fortuitous in landing the Sweet Solera Stakes on the July Course before running out the most emphatic of winners in Goodwood's Waterford Candelabra Stakes.

Flamenco should win, but no one should be surprised to see Thessaloniki giving her a good race.

NEWMARKET
2.00—Shiplake
2.30—Vorvados
3.00—Gorytus
3.30—Flamenco*
4.05—Fitzpatrick***
4.35—Royal Invitation**

TELEVISION

Chris Dunkley: Tonight's Choice

Tonight's best material is all old. Starting at the far end of the evening, there's a clash between two very worth while movies: Hamlet on ITV and Medium Cool on BBC-1. The Shakespeare is Laurence Olivier's 1948 production which, at 2½ hours, cuts the play down somewhat, and it does not offer Olivier's best Shakespearean performance for the cinema which was Richard III. Nevertheless he won an Oscar for Best Actor in the Hamlet role and, as the director, another for Best Film, and despite the greater fame of the other two productions it is undoubtedly Hamlet which is the most cinematic of the three.

Medium Cool is pure sixties: a film written, directed and photographed by Haskell Wexler about a cameraman (played by Robert Forster) who remains unaffected by the ghastliness around him which he has to record until his footage of demonstrators is used by the police. In a terrible irony Wexler's documentary footage of the 1968 Chicago demos was itself requisitioned by the U.S. Justice Department.

BBC-2 shows another vintage episode of Dad's Army—the one about the unexploded bomb in Captain Mainwaring's bank vault.

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One Is Ten Years Old Today! 1.45 Pigeon Street. 2.02 For Schools, Colleges. 2.35 Golf: The Suntory World Match Play Championship from the West Course, Wentworth. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Scooby Doo Where Are You? 5.05 Treasure Houses. 5.35 Willo The Wisp.

5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.45 Sportswide.
7.00 Kung Fu starring David Carradine.
7.50 It's A Knockout with Rotherham representing Great Britain.
9.00 News.
9.25 The Chinese Detective with David Yip as Det Sgt John Ho.
10.15 Connections (London and South East only).
10.45 News Headlines.
10.50-12.40 am The Late Film: "Medium Cool," starring Robert Forster and Verna Bloom.

BBC 2

6.40-7.55 am Open University. 10.00 Social Democratic Party Conference. 11.00 Play School. 11.25 SDP Conference. 12.30 pm Golf: Suntory World Match Play Championship. 2.30 SDP Conference. 4.00 Golf (further coverage).
†5.35 Happidrome.
7.00 Something Else.
7.45 News Summary.
7.50 Gardeners' World.
8.15 Did You See. . .?
9.00 L For Lester.
9.30 Dad's Army.
10.00 The History Man.
10.50 Newsnight.
11.40 Golf: highlights.
12.25 am The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 A Handful Of Songs. 12.10 pm Once Upon A Time. 12.30 Artsline TV presented by Gillian Reynolds. 1.00 News with Leonard Parkin, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 About Britain. 2.00 A Plus with Trevor Hyett. 2.35 Racing from Newmarket covering the 2.30, 3.00 and 3.30 races. 3.45 Home Sweet Home. 4.15 Dangermouse. 4.20 On Safari. 4.45 Sunny Side Up. 5.15 Teach Yourself Gibberish.
5.45 News.
6.00 The 6 O'clock Show presented by Michael Aspel with Janet Street Porter and Fred Housego.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 Survival Special.
8.30 Young At Heart starring John Mills and Megs Jenkins.
9.00 Shine On Harvey Moon.
10.00 News.
10.30 9 to 5 starring Rita Moreno.
†11.00 The Olivier Film: "Hamlet," starring Laurence Olivier and Jean Simmons.
1.30 am Close: Sit Up and Listen with Richard Pasco.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm A Better Read. 1.20 Anglia News. 3.45 Struggle beneath the Sea. 6.00 About Anglia. 10.30 Members Only. 11.00 6 to 5. 11.30 Friday late film "Trog." 1.15 am Your Music at Night.

BORDER

12.30 pm A Better Read. 1.20 Border News. 3.45 Superstar Profile. 6.00 Lookaround Friday. 6.30 The Leeds Folk Festival. 10.30 The Divine Sun. 11.00 Late film: "Cry of the Banshee." 12.30 am Border News Summary.

CENTRAL

1.20 pm Central News. 3.45 Take the High Road. 6.00 Central News. 11.00 Soap. 11.30 Central News. 11.35 The Police Story Movie: "The Jar."

CHANNEL

12.30 pm A Better Read. 1.20 Channel Lunchtime News: What's on Where and Weather. 3.45 Welcome Back Kotter. 5.15 Emmerdale Farm. 6.00 Channel Report. 6.25 Link Up. 6.55 What's on Where. 10.28 Channel Late News. 11.00 Continental Cinema: "Aggression." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm A Better Read. 1.20 North News. 3.45 Hands. 6.00 North Tonight including Sportsdesk. 10.30 *Points North*. 11.30 The Streets of San Francisco. 12.30 am North Headlines.

GRANADA

12.30 pm A Better Read. 1.20 Granada Reports. 2.00 Hands. 3.45 Paint Along With Nancy. 6.00 Kick Off. 6.30 Granada Reports. 11.00 Friday Night. 11.45 Police Story.

HTV

12.30 pm A Better Read. 1.20 HTV News. 3.45 History Captured in Jewellery. 6.00 HTV News. 6.30 So What's Your Problem? 10.28 HTV News. 10.30 Report Extra. 11.00 Cinema Club.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 Achub Cam Yr Helgwyn. 6.00 Newyddion. 6.05 Report Wales. 6.30-7.00 The Muppet Show. 10.30-11.00 Who, What, When, Where?

SCOTTISH

12.30 pm A Better Read. 1.20 Scottish News. 3.45 Here's Boomer. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 Sports Extra. 6.45 Hear, Here. 10.30 Ways and Means. 11.05 Late Call. 11.15 Thriller—"Murder is A One Act Play" starring Robert Powell.

TSW

12.27 pm Gus Honeybun's Magic Birthdays. 12.30 A Better Read. 1.20 TSW News Headlines. 3.45 Welcome Back Kotter. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 10.32 TSW Late News. 11.00 Continental Cinema: "Aggression". 12.40 am Postscript. 12.45 South West Weather.

TVS

12.30 pm A Better Read. 1.20 TVS News. 3.45 Welcome Back Kotter. 5.00 Coast To Coast. 6.30 Friday Sportshow. 11.00 Continental Movie: "The Slightly Pregnant Man", starring Marcello Mastroianni and Catherine Deneuve. 12.50 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 12.30 pm A Better Read. 1.20 North East News and Lookaround. 3.45 Does The Team Think? 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Friday Live. 12.00 Superstar Profile. 12.30 am Poet's Corner.

YORKSHIRE

12.30 pm A Better Read. 1.20 Calendar News. 3.45 The Allan Stewart Show. 6.00 Calendar and Calendar Sport (Emley Moor and Belmont editions). 10.30 Shelley. 11.00 The Friday Night Film: "All Coppers Are . . ." starring Martin Potter, Nicky Henson, Julia Foster and Ian Hendry.

RADIO

(S) Stereo (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 David Jensen. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Colin Berry (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Cliff Michelmore (S) including Racing from Newmarket at 3.35. 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 7.30 Welsh Choirs Competition (S). 8.15 Friday Night Is Music Night (S). 9.30 Top of the Bill (S) George Robey (1869-1954). 9.57 Sports Desk. 10.00 Keep It Maclean. 10.30 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Night Owls with Dave Gelly (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: The Couperin Family (S). 10.00 Beethoven Piano Trios (S). 11.00 Moscow Radio Symphony Orchestra (S). 11.45 Schumann piano recital (S). 12.15 pm Midday Concert, Part 1: Beethoven, Elgar (S). 1.00 News. 1.05 Six Continents. 1.20 Midday Concert, part 2: Bartok, Britten (S). 2.05 Haydn Piano Sonatas (S). 3.00 London Philharmonic Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 "Prince Igor", opera by Borodin, in a production by Opera North, sung in English, relayed from the Palace Theatre, Manchester. Act 1 (S). 7.50 The Wheat and the Chaff. 8.10 "Prince Igor". Act 2 (S). 9.10 The Bird Cage by Gabriel Josipovici. 9.25 "Prince Igor", Acts 3 and 4 (S). 10.45 The Song of Roland (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Morning Story. 10.45 Daily Service (S). 11.00 News. 11.03 It's Wonderful When It Stops. 11.48 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Wales. 3.00 News. 3.02 Afternoon Theatre. 4.00 News. 4.02 A Bunch of Amateurs. 4.10 It's a Farmer's Life. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News: Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Archive Auction. 12.00 News.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

British Life	[illegible]	[illegible]	+0.9	4.97
Reliance Unit Tst (Inc).	[illegible]	[illegible]	+0.5	[illegible]
Reliance Ut Tst (Acc)	[illegible]	70.2	+0.7	5.71

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906

Income UT	74.7	80.3	+0.3	[illegible]
International UT	116.2	124.3	+2.1	[illegible]

Standard Life Trust Mgmt. Ltd.
3, George St., Edinburgh, EH2 2XZ. 031-225 2552

Income Units	[illegible]	[illegible]	—	—
Accum. Units	[illegible]	[illegible]	—	—

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†American Fund	118.6	126.3	+2.2	2.50
Accum. Units	[illegible]	[illegible]	+3.8	—
Withdrawal Units	[illegible]	[illegible]	+2.9	—
*British Capital	225.4	[illegible]	—	6.54
Accum. Units	272.9	291.2	—	6.54

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Gen. Dist.	101.3	108.9	+0.7	3.11

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	226.6	[illegible]		—
Equity Fund	97.7	[illegible]	+1.0	—
Property Acc.	265.3	[illegible]		—
Equity Acc.	99.2	[illegible]	+2.0	—
Selective Fund	164.3	[illegible]	+2.6	—
Money Fund	170.7	[illegible]		—
Convertible Fund	183.0	[illegible]		—
Prop. Fd. Ser. 4	209.0	[illegible]		—
Equity Ser. 4	95.9	[illegible]	+1.0	—
Man. Ser. 4	222.8	[illegible]	+1.8	—
Money Ser. 4	158.6	[illegible]		—
Conv. Ser. 4	158.8	[illegible]		—
Fixed Int. Fd. Ser. 4	161.9	[illegible]	+0.7	—
American Ser. 4	139.5	[illegible]	+2.7	—
High Inc. Ser. 4	125.1	[illegible]	+1.6	—
Indexed Inv. Series 4	100.9	[illegible]		—
Pensions Property	318.3	[illegible]		—
Pensions Equity	339.8	[illegible]	+4.7	—
Pensions Selective	166.7	[illegible]	+1.6	—
Pensions Managed	334.1	[illegible]	+2.3	—
Pensions American	106.7	[illegible]	+2.3	—
Pensions Security	223.7	[illegible]		—
Pensions Fixed Int.	137.5	[illegible]	+0.4	—
Pensions Indexed Inv	101.4	[illegible]		—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	347.4	365.6	+0.3	—
Fixed Int. Acc.	229.2	241.2	+0.1	—
Gtd. Money Fd. Acc.	159.8	168.2	+0.1	—
Intl. Man. Fd. Acc.	154.4	162.5	+0.4	—
Intl. Fxd. Int. Fd.	121.4	127.8	+0.3	—
Prop. Fd. Acc.	160.6	169.0		—
M'ple Inv. Acc.	276.6	291.1	+0.3	—
Equity Pen.Fd.Acc.	487.9	512.5	+7.1	—
Fixed I.Pen.Acc.	394.0	414.7	+0.7	—
G'td.Mon.Pen.Acc.	224.6	236.4	+0.1	—
Intl.Mn.PnFdAcc.	181.5	191.0	+0.6	—
Prop.Pen.Acc.	213.3	224.5		—
M'ple Inv.Pen.Acc.	413.5	435.0	+1.0	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	214.7	226.2	+4.2	—
Money Fd.	147.1	154.8	+0.3	—
Equity Fd.	169.5	178.4	+3.2	—
Fixed Int. Fd.	114.6	120.6	+6.1	—

Crown Life—Continued

Pens. Equity Acc.	106.7	112.3	—	—
Pens. Equity Init.	101.5	106.8	—	—
Pens. Fxd. Int. Acc.	124.3	130.8	—	—
Pens. Fxd. Int. Init.	119.5	125.7	—	—
Pens. Money Acc.	112.6	118.5	—	—
Pens. Money Init.	107.2	112.8	—	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq. EC3N 4DJ 488 2323

Growth Prop. Oct 5	104.9	115.7	—	—
Mngd Pens. Sept 7	124.08	130.41	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	93.7	97.2	+0.4	5.24

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	213.8	225.0	+2.4	—
Higher Inc. Fund	141.1	148.5	+1.1	—
Property Fund	195.5	205.7		—
Fixed Interest Fund	172.9	182.0	-0.2	—
Index Linked Secs Fnd.	98.8	104.0	+1.5	—
Gtd. Deposit Fund	138.2	145.4		—
Nth. America Fund	131.3	138.2	+2.4	—
Far East Fund	85.9	90.4		—
International Fund	111.9	117.7	+1.1	—
Mixed Fund	191.8	201.9	+0.6	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	206.8	217.6	—	—
Ind. Pen. Property	148.0	155.7	—	—
Ind. Pen. Fixed Int.	157.4	165.6	—	—
Ind. Pen. Indx Lk. Scs.	105.1	110.6	—	—
Ind. Pen. Overseas	156.5	164.7	—	—
Ind. Pen. Cash	139.3	146.6	—	—
Ind. Pen. Balanced	167.5	176.4	—	—
Ind. Pen. Dep. Admin.	139.8	147.1	—	—

Prices at Sept 9. Next settlement Oct 14.
Group Pension Funds—Prices Available On Request.

Family Assurance Society
68, East Street, Horsham. 0403 50255

Family A. Managed	182.2	195.8	—	—
Family B. Managed	98.7	100.7	—	—
Family C. Brit.	77.0	78.4	—	—
Family D. Fixed Int.	125.1	126.6	—	—
Family Capital Mngd.	98.0	100.0	—	—
Family Brit. II	59.7	60.9	—	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.77		+0.06	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	34.1	35.9	+1.8	6.60
Chinese Fund	56.4	57.8		9.30
Precious Metal Fund	154.9	160.9	+17.5	6.30
Vanguard Cmdy. Fd.	42.1	43.1	+2.3	2.26
Financial Futures Fd.	95.2	99.2	—	—
Wren Intl. Fnd.*	$0.748	0.779	—	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	94⅞	Exch. 8¾pc 1983	99½	......	0.77	9.27
98⅛	91	Exch. 3pc 1983	98⅛	......	3.06	0.40
101¼	95⅛	Treasury 12pc 1983‡‡	101¼	......	11.86	0.94
100¼	92⅞	Treasury 9¼pc '83	100⅛	......	9.24	9.00
104¼	96⅝	Exch. 13½pc '83	104⅛	......	12.97	9.38
101	91⅞	Exch. 10pc 1983	101	......	9.90	9.01
97¾	87⅞	Funding 5½pc '82-84‡‡	97¾	......	5.63	7.37
103⅝	91⅞	Exch. 11¼pc 1984	103	......	10.93	0.78
107⅛	96⅛	Exchequer 14pc 1984	106⅛	......	13.20	9.74
93¾	81¼	Exch. 3pc 1984	93¾	......	3.20	7.00
104½	91½	Treasury 12pc 1984	104⅛	......	11.53	9.62
110½	96¼	Treasury 15pc 1985	110¼	−¼	13.61	9.95
111¼	89½	Exch. 12pc Cnv. '85	110¾	−⅛	10.84	7.13
90	73½	Treasury 3pc 1985	89½	−¼	3.36	7.52
104½	87½	Treasury 11½pc 1985	104	−¼	11.06	9.78
106⅛	88⅝	Exch. 12¼pc 1985	105¾	−¼	11.59	10.01
104⅞	86⅛	Exch. 11¾pc '86	104½	−¼	11.25	10.07
87¼	69	Treasury 3pc 1986	87¼xd	......	3.45	7.14
105⅞	86¼	Treasury 12pc '86	105¾	−½	11.35	10.06
98	80⅞	Treasury 8¼pc '84-86‡‡	98	......	8.68	9.13
116¼	96⅜	Treas. 12¾pc '86 Cnv.	115⅞	−⅛	10.59	7.36
112¾	91⅞	Exch. 14pc 1986	112⅜xd	......	12.46	10.19
110½	90	Exch. 13¼pc 1987	110¼	......	12.82	10.19
102½	98¼	Exch. 10½pc 1987	102¼	......	10.27	9.83
93¾	73⅞	Funding 6½pc '85-87‡‡	93¼xd	......	6.97	8.33
84¼	64½	Treasury 3pc 1987	84	......	3.58	7.01

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107¾	85⅞	Treas. 12pc 1987	105⅞xd	−½	11.32	10.45
97	72½	Treasury 7¾pc '85-88‡‡	96	−½	8.22	9.12
24⅝	19⅝	Exch 10½pc '88 (£20 pd)	23½	−⅜	10.46	10.34
79⅝	60½	Transport 3pc '78-88	79¼	−⅝	3.83	7.75
20⅞	20¾	Treas. 9½pc '88 (£20pd.)	20½	−⅜	9.83	10.24

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
78	53¾	Do. 6¾pc 90-92	78	+½	8.35	10.68
100	94¾	Glasgow 9¼pc '80-82	99¾	......	9.36	11.13
87	67½	Herts 6¾pc 1985-87	87xd	+⅛	7.75	10.27
114	85	Leeds 13½pc 2006	114xd	......	11.87	11.76
99½	87½	Liverpool 9¼pc '80-84	99½	......	9.81	10.04
30¼	21½	D. 3½pc Irred.	30¼xd	......	11.73	—
104⅝	95½	Lon. Corp. 13¼pc '83	103⅜	......	12.81	9.83
98¼	82¼	Do. 9¼pc '84-85	98	−¼	9.44	10.01
92¾	78¾	LCC 5½pc '82-84	92¼	+⅛	3.93	10.06
83	64¼	Do. 5½pc '85-87	83	+½	6.63	10.20
85	56	Do 6¾pc '88-90	84¾	−¼	8.10	9.85
26	19½	Do. 3pc '20 Aft.	26	+½	12.00	—
103¾	90¼	Sunderland 12¼pc 1984	103¾	+⅛	11.82	10.19

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98⅛	85¼	Aust. 6pc 1981-83	98⅛	......	6.26	9.84
37	21¼	Do. 13½pc 2010	36¾	−¼	11.75	11.66
80½	57	N.Z. 7¼pc 1988-92	80½xd	+½	9.19	10.84
93	74¾	Do. 7½pc '83-86	93xd	......	8.28	10.64
111¼	98½	Do. 14¼pc 1987	111	−¼	12.50	10.45
165	136	S. Rhod. 2½pc Non-Ass.	165	+1	—	—
77	58	Do. 3½pc 80-85 Asstd.	75	−1	4.62	15.60
52½	32	Do. 4½pc 87-92 Asstd.	52½	......	8.70	13.80
402	318	Zimbabwe Ann (£100pa)	380xd	......	—	25.80

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
74	57¾	Agric. Mt. 5pc '59-89	74	+¼	6.87	10.82
37	24¾	Met. Wtr. 3pc 'B'	37xd	......	8.05	10.41

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1982 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Gr's
14¼	897p	Bk. Nova Scot.‖	14¼	+⅛	$1.84	—	6.0
993p	770p	Bell Canada $8⅓	983p	−10	$1.96	—	9.2
888p	478p	Bow Valley‖	888p	+14	15c	—	0.8
15¾	571p	Brascan‖	870p	+2	$1.60	—	8.5
12⅞	766p	Can.Imp.Bk. $2	12⅛	+¼	$2.08	—	7.9
18⅝	11¼	Can.Pacific $5	16½	......	$1.40	—	3.9
33¾	26¾	Do. 4pc Deb. £100	33¾	+¼	9%	—	11.8
874p	581p	Can. P. Ent.‖	858pxd	−16	80c	—	4.3
822p	495p	Gulf Can.‖	787p	+8	44c	—	2.6
700p	328p	Hawker Sid. Can.‖	626p	+19	96c	—	7.1
13⅞	10½	Hollinger $5	13⅞	+⅜	s$2.20	—	7.3
10⅝	649p	Hudson's Bay ‖	811pxd	+14	60c	—	3.4
15⅝	910p	Imperial Oil‖	15⅝	+½	$1.40	—	4.1
762p	466p	Inco‖	650p	+25	SUS20c	2.	1.3
900p	530p	Int. Nat. Gas $1	730p	......	$1.10	—	6.9
151p	88p	Massey Ferg.‖	108p	+1	—		—
18	12⅛	Rio Algom	17⅜	+½	$1.50	—	4.0
12	822p	Royal Bk. Can. $1	12	+½	$2.00	—	7.7
42¼	25½	Seagram Co. C$1	42¼	+⅞	US$1.80	—	2.5
16⅝	994p	Tor. Dom. Bk. $1.	16⅝	+⅜	$2.00	—	5.6
11½	743p	Trans Can. Pipe	11½	+⅛	$1.16	—	4.6

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ $A1	205	......	028c	3.3	7.8	3.9
305	205	Alexanders D. £1	305	+5	18.5	—	8.7	—
£63½	£48	Algemene Fl.100	£50	......	026%	3.8	10.8	5.1
100	75	Allied Irish	90	......	045.3%	4.0	10.3	3.1
*16⅜	10¼	Ansbacher (H.) 5p.	11	......	0.35	—	4.5	—
275	200	Bk. Ireland £1	260	......	029.4%	—	9.3	—
3½	2	Bk. Leumi $0.1	2½	......	—	—	—	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]							
40	20	Anglo-Dominion	36	......	—	—	—
16½	12	Burma Mines 10p	12½	......	0.55	1.0	6.3
130	27	Colby Res. Corp.	110	......	—	—	—
292	170	Cons. Murch. 10c.	240	......	‡060c	1.9	‡
8	1½	‡‡Explaura Gold	2½	......	—	—	—
105	55	Highwood Res.	75	......	—	—	—
255	160	Northgate C$1	220	+10	—	—	—
468	344	R.T.Z.	452	+9	16.0	1.6	5.1
£108½	£84	Do.9½%Cv.Ln.95-2000	£107½	+1	Q9½%	23.9	f9.2
20	11	Sabina Inds. C$1	16	+3	—	—	—
44	27	‡Southwest C. 10p	33	......	—	—	—
500	270	Tara Exptn. $1	325	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value.

B.Fr. Belgian Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	43	+1
Bertrams	17#	......
Bdg'wtr. Est. 50p	455	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30	......
Graig Ship. £1	£23	......
Higsons Brew	100	......
Holt (Jos) 25p	790	......
I.O.M. Stm. £1	80	......
Pearce (C. H.)	£12¼	-¼
Peel Hldgs.	157	......
Sheff. Refrshmt	137	......
Sindall (Wm.)	270	......

IRISH

Exch. 15pc 1983	£101	+⅛
Nat. 9¾% 84/89	£84½	+½
Fin. 13% 97/02	£91¼	+⅜
Alliance Gas	110	+1
Arnott	210	......
Carroll (P.J.)	78	......
Concrete Prods.	61	......
Heiton (Hldgs.)	26	......
Ins. Corpn. Ireland	410	......
Irish Ropes	33	......
Jacob	72	......
T.M.G.	4	......
Unidare	45	......

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8
BOC Grp	15
B.S.R.	8½
Babcock	18
Barclays Bank	42
Beecham	22
Blue Circle	48
Boots	19
Bowaters	24
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	18
Dunlop	6½
Eagle Star	33
F.N.F.C.	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd	30
House of Fraser	15
I.C.I.	24
"Imps"	8
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lofs"	6½
London Brick	7
Lucas Inds.	20
"Mams"	12
Mrks. & Spncr	12
Midland Bank	39
N.E.I.	9
Nat. West. Bank	58
P & O Dfd.	14
Plessey	32
Racal Elect.	55
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	26
Sears	6
T.I.	13
Tesco	5½
Thorn EMI	42
Trust Houses	11
Turner & Newall	12
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Brit. Land	7½
Cap. Counties	10
Land Secs.	20
MEPC	20
Peachey	14
Samuel Props.	11
Town & City	3½

Oils

Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday October 15 1982

Financial futures loss for Bache investors

By Rosemary Burr

BRITISH CLIENTS of Bache Halsey Stuart Shields, the U.S. investment house, have lost several millions of pounds because of speculation in financial futures on the Chicago Board of Trade.

In New York Bache said yesterday that "no investment is risk free" and investors were made aware of the risks involved. Each investor signed a risk disclosure statement which stated that losses in trading commodity futures contracts "can be substantial."

Bache said fewer than 10 per cent of its London clients were involved in the losses. About 200 clients with a minimum investment of $10,000 (£5,860) each are thought to have lost part or all of their investment.

Bache said yesterday that a few clients were "riding out the storm" and still had money invested in the financial futures market.

During the past 18 months Bache has been marketing a complex scheme called the Government National Mortgage Association / Treasury Bond spread. The man who devised the scheme, Mr Marc Lampel, said in London two months ago that investors could expect to make a profit "in six months of 50 per cent — at an annual rate."

The scheme was based on Bache's observation about the close relationship during the past five years between the price of Government National Mortgage Association future contracts and U.S. Treasury bond futures contracts.

Bache devised a scheme under which investors could in effect bet on the futures price spread between Treasury bonds and GNMAs remaining within the 7½ point trading band experienced in the recent past.

The scheme offered investors both the chance of a quick gain or the possibility of equally speedy losses because of the way the financial futures markets operate. For a relatively small stake investors in financial futures can buy and sell contracts worth sizable amounts in terms of the underlying securities.

At the end of last week the gap between the prices of U.S. Treasury bond futures and GNMAs futures widened sharply as investors poured money into U.S. Treasury bonds but ignored GNMAs. On October 14 the December futures contract of U.S. Treasury Bonds was trading nine points higher than the equivalent GNMA contract.

Under the scheme each time the market moved one point against the client Bache would invest further funds. Clients were told in a leaflet by Mr Lampell that a "stop-loss is inappropriate."

Weather

UK TODAY

SUNNY but cold.

London, SE, E, NE England, E Scotland
Early coastal showers; sunny periods. Max 13C (55F).

S, N, NW England, Midlands, W Scotland
Sunny periods, cloudy later. Max 13C (55F).

SW England, Wales, N Ireland
Sunny periods; cloudy with rain later. Max 13C (55F).

Outlook: Cold and unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	L. Ang.†	F	17	63
Algiers	F	27	81	Luxmbg.	R	10	50
Amsdm.	F	14	57	Luxor	S	38	100
Athens	S	23	73	Madrid	F	16	61
Bahrain	—	—	—	Majorca	F	22	72
Barclna.	C	21	70	Malaga	C	22	72
Beirut	—	—	—	Malta	S	26	79
Belfast	F	9	48	M'chstr.	F	9	48
Belgrd.	F	25	77	Melbne.	—	—	—
Berlin	R	14	57	Mx. C.	—	—	—
Biarritz	C	14	57	Miami†	F	25	77
Bmghm.	C	10	50	Milan	F	16	61
Blackpl.	C	10	50	Montrl.†	C	10	50
Bordx.	F	14	57	Moscow	C	7	45
Boulgn.	C	11	52	Munich	S	17	63
Bristol	C	12	54	Nairobi	—	—	—
Brussels	C	12	54	Naples	F	23	73
Budpst.	R	14	57	Nassau	—	—	—
Cairo	—	—	—	Nwcstl.	F	10	50
Cardiff	F	13	55	N. York	—	—	—
Cas'b'ca	S	24	75	Nice	S	22	72
Cape T.	—	—	—	Nicosia	C	26	79
Chicg.†	C	8	46	Oporto	F	17	63
Cologne	R	12	54	Oslo	R	5	41
Cpnhgn.	C	13	55	Paris	R	11	52
Corfu	R	19	66	Perth	S	25	77
Denver†	F	3	37	Prague	C	14	57
Dublin	F	11	52	Reykjvk.	R	6	43
Dbrvnk.	C	18	66	Rhodes	F	24	75
Ednbgh.	C	9	48	Rio J'o	—	—	—
Faro	S	21	70	Rome	C	22	72
Florence	F	20	68	Salzbrg.	S	14	57
Frankft.	C	13	55	S F'cisc†	C	11	52
Funchal	S	24	75	S. Moritz	—	—	—
Geneva	C	13	55	Singapr.	T	28	82
Gibraltar	F	19	66	S'tiago	—	—	—
Glasgow	F	11	52	Stckhm.	C	10	50
G'rnsey	F	13	55	Strasbg.	C	15	59
Helsinki	R	8	46	Sydney	—	—	—
H. Kong	S	29	84	Tangier	C	16	61
Innsbrk.	S	14	57	Tel Aviv	C	29	84
Invrnss.	S	14	57	Tenerife	S	25	77
I.o.Man	S	11	52	Tokyo	S	24	75
Istanbul	S	21	70	T'ronto†	C	8	46
Jersey	C	9	48	Tunis	S	31	88
Jo'burg	—	—	—	Valencia	S	22	72
L. Plms.	F	14	57	Venice	S	20	68
Lisbon	F	24	75	Vienna	R	11	52
Locarno	S	15	59	Warsaw	C	12	54
London	C	12	54	Zurich	F	17	63

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

Surge in private sector bank loans

BY ROBIN PAULEY

LENDING to private sector companies and individuals by British banks surged to £2.033bn in banking September, the second highest figure this year.

Figures published by the Bank of England yesterday for the four weeks to September 15 show that the rate of increase in the money supply has been accelerating in recent months.

The broadest monetary aggregate, sterling M-3, rose by 1.1 per cent in September and over the seven months since February has grown at an annual rate of 11.5 per cent, which is at the top end of the 8 to 12 per cent target range.

As the Government deflected attention from sterling M-3 to a wider spectrum including two other monetary aggregates—M-1, the narrow money measure and PSL2, the broad measure of private sector liquidity—which are well within target, the markets are thought unlikely to react nervously to the upward trend of the M-3 figures.

The surge in private-sector lending is seen as more important than the M-3 figure. The rise of £2.033bn in a month returns the figures to the exceptionally high levels of spring. Only March, with £2.214bn, had a higher figure this year.

The reasons for the rise are unclear although there is no evidence that the levels of personal lending have increased from their already fairly high levels of the summer when total private sector lending was running at between £1bn and £1.5bn a month.

The answer probably lies with the corporate sector although not through a build up of liquidity there. One possible reason could lie with the oil majors which pay petroleum revenue tax in September. They traditionally build up heavy holdings of certificates of tax deposit, Treasury paper on which a healthy yield is paid during the year.

The Treasury normally cuts the yield when PRT becomes due, to encourage cashing in the certificates to pay the tax.

As the Treasury failed to reduce the yields this year, some oil majors may have held the certificates and paid their PRT either by borrowing or by repatriating foreign currency deposits. This would help to explain the sharp drop of £652m in UK residents' deposits in foreign currencies.

Within the total of lending, advances rose by £1.22bn and bill finance by £390m. Commercial bills held by the Bank of England's Issue Department rose by £900m.

In personal lending, house mortgages appear still to be continuing at a high rate in spite of the banks' stated intention to moderate this activity.

The narrow money measure M1 (covering notes and coin plus current account deposits) increased by 1.2 per cent in September and since February has grown at an annual rate of 9.5 per cent.

PSL2, which covers sterling M3, building society deposits, national savings and money instruments, rose by 0.9 per cent and since February has grown at an annual rate of 8.5 per cent. All three aggregates have a target range of 8 per cent to 12 per cent growth from mid-February 1982 to mid-April 1983.

Among the counterparts to the rise in sterling M3 public sector transactions were strongly contractionary after a slight expansion in August.

The direct contribution of local authorities and public corporations to the public sector borrowing requirement was a repayment of £440m.

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MONEY SUPPLY

	September %	Increase February to September at annualised rate %
£M3	1.1	11.5
M1	1.2	9.5
PSL2	0.9	8.5

Source: Bank of England

News International cuts Murdoch profits

BY RAY MAUGHAN

NEWS Corporation, the publishing group headed by Mr Rupert Murdoch, has blamed a sharp fall in profits squarely on its British newspaper interests, gathered in the News International subsidiary.

Profits from News International dropped in the year to June 30 from £26.12m to £3.21m.

The Adelaide parent company has given no details of individual performances but Times Newspapers, a big part of News International, is understood to have lost about £15m in the latest year. Times Newspapers — which includes The Times, its supplements and The Sunday Times, is believed to have lost about £3m between February 1981, when Mr Murdoch acquired the titles from The Thomson Organisation, and June 1981.

Other principal factors behind News International's marked setback in the UK in 1981-82 were the costs of introducing a colour supplement to the News of the World in an attempt to revive circulation. Losses incurred on the launch of Sunday, the magazine, were about £7m.

News Corporation also cited the costs of restoring and increasing the circulation of its leading UK tabloid daily, the Sun, through a promotional campaign in the fiercely-contested popular national newspaper sector, as a key influence on the group's performance.

Promotional costs have declined recently and News International has been able to recoup the loss incurred in the first half, when the British operations showed a £2.1m deficit.

However, the funds which News Corporation has committed to the restoration of Times Newspapers' production and sales have reduced the group's cash balances appreciably. The group has also had to absorb a substantial rise in interest charges.

The effect of News International's reverse last year was to cut the corporation's pre-tax profits from A$90.26m to A$51.60m (£50.14m to £28.67m at current rates of exchange).

Excluding the results from News International, however, profits from Australia and the U.S., where Mr Murdoch's activities have been expanded rapidly of late, were maintained. This was despite a costly circulation war in New York, where News Corporation owns the New York Post.

Government studying retaliation if U.S. levies carbon steel duties

BY PAUL CHEESERIGHT IN LONDON AND LARRY KLINGER IN BRUSSELS

THE GOVERNMENT is studying means of retaliation against the U.S. if the U.S. imposes countervailing anti-subsidy duties on carbon steel shipments from Britain, France, Italy and Belgium.

This would mean heightened tensions over a range of disputes between the EEC and the U.S.

But last night in Brussels ambassadors from the ten member-States of the EEC were considering concessions to the U.S. steel industry in the hope that a bilateral agreement on restraining EEC steel exports would lead to withdrawal of preliminary duties.

The last stage of the legal process in the U.S. to impose the preliminary duties starts today, when the U.S. International Trade Commission delivers a determination on whether U.S. industry has been injured by allegedly subsidise EEC sales.

If the determination finds U.S. industry has been injured the U.S. Commerce Department must impose the duties.

It was pointed out in London yesterday that the U.S. International Trade Commission need not deliver its finding to the Commerce Department until October 21.

This might still leave flexibility for the EEC to devise terms for a restraint agreement with the U.S. to satisfy American industry.

The duties cannot be withdrawn without the approval of U.S. industry, which has insisted that pipe and tube sales be included in any restraint agreement. In August it rejected an agreement omitting pipes and tubes.

The European Commission suggested that inclusion of pipes and tubes could lead to withdrawal of the duties, but as discussions in Brussels dragged on into last night, West Germany was maintaining opposition to such a step.

Britain supports such an agreement, but failure to reach it, and imposition of the duties—those on British Steel Corporation products would be 26 per cent—would trigger British moves in the EEC for retaliation against the U.S.

Thinking in Whitehall runs along the lines that if the U.S. can decide and act unilaterally on its own definition of subsidies in EEC countries, the EEC can do the same thing on U.S. subsidies.

This would open the way to imposition of higher duties on U.S. synthetic fibre exports because of controlled natural gas prices in the U.S. Natural gas is used as feedstock for the industry. In 1980 U.S. exports were subject to a quota because of the price advantage cheap fuel gave.

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Welsh plants on short time, Page 10

SDP plans campaign to back EEC

By Peter Riddell, Political Editor

THE Social Democratic Party intends to go on the offensive in its commitment to continued British membership of the EEC, and for a phase programme of nuclear disarmament.

The party leadership believes there is political support to be gained by distinguishing the party from what it portrays as Mrs Margaret Thatcher's "Gaullist" attitude towards Europe, and from her "militarism." It also sees backing to be won in distancing the SDP from Labour's commitment to withdraw from the EEC and to close all nuclear bases.

The SDP leadership has been debating the handling of these issues and believes it can tap the popular mood in favour of disarmament by presenting a middle way between the other parties. The leaders also believe they can deal with popular criticism of the EEC by stressing the job losses they think would result from British withdrawal.

This emphasis was made clear at Derby yesterday by Dr David Owen on the fourth day of the party's rolling conference, which is to enter its policy-making phase at Great Yarmouth this morning at the Council for Social Democracy. The discussions continued to be marked by earnest debate, with more than a hint of self-congratulation.

The leadership still appears generally in tune with the rank and file, according to a poll of those who have attended the conference so far, due to be broadcast on the BBC-TV Newsnight programme tonight. The survey shows general support for the party's alliance with the Liberals, and a belief that the SDP should be a radical party supported more from the left than the right.

On nuclear policy, Dr Owen gently rebuked some SDP members and some Liberals for attempting to rush the issue. He said there was no need to take a decision on the Cruise missile for several years yet. He hoped that it would not be necessary to introduce the missile to Britain.

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NCB pay offer assumes rapid rise in productivity

BY JOHN LLOYD, LABOUR EDITOR

THE National Coal Board yesterday said it would be able to fund its 8.2-9.1 per cent basic pay offer to the National Union of Mineworkers only by more than doubling productivity gains achieved in the first half of the financial year.

The disclosure came as Mr Arthur Scargill, NUM president, said he was "very confident" of getting the 55 per cent of the ballot needed to enable the union's executive to call for industrial action in support of its 30 per cent pay claim. The ballot will be on October 28 and 29.

Union leaders in a number of areas are privately doubtful of achieving this because of widespread reluctance to operate the overtime ban imposed earlier this week. Much will depend on the support which Mr Scargill and his colleagues in the NUM leadership can muster at rallies throughout the coalfields next week.

The warning that Coal Board resources could be strained to their limit to meet the pay offer came from Mr Norman Siddall, the NCB chairman.

He said: "If the majority vote 'yes' in the ballot, there will certainly be a strike. We have already put on the table the utmost the industry can afford.

"Indeed, we have stretched it to the limit by assuming a more rapidly rising trend of productivity and efficiency in the remainder of this financial year and throughout 1983-84."

Productivity rose by 1.6 per cent in the first 26 weeks of the year—half of the previous year's rise of 3.5 per cent because of rail disputes and action by mineworkers in support of the health workers' pay campaign.

The Coal Board has assumed a rise in the second half of about 4 per cent to fund its offer, which it says will cost a minimum of £93.7m before wage costs and consequential increases to other staff.

Mr Siddall criticised the wording on the union's ballot, which links pay with opposition to pit closures, saying it was "devious." "It has been deliberately phrased so as to confuse the two distinct issues and does not even give the voter the chance to say if he wants to accept our offer on wages. The issue of pit closures has been introduced despite our having said repeatedly that it is not linked to our offer."

Mr Scargill said yesterday that the union's executive had unanimously rejected requests from area leaders—believed to be from Durham and Leicestershire—for exemption from the overtime ban. However, it is understood that overtime will be allowed in certain pits where fire and water are a hazard, a concession which appears to have satisfied area worries.

In an article in The Miner, the union journal, Mr Scargill calls on his members to "fight like men" and urged them to "be under no illusions what this ballot is about—miners are the last major barrier to the continued wholesale slaughter of jobs and industries."

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Foster Wheeler wins $250m Lagos contract

By Sue Cameron

NATIONAL of the U.S. has won the management consultancy contract for a large petrochemical complex to be built in Nigeria. The complex is expected to cost about $2bn (£1.2bn).

The management consultancy contract alone is thought to be worth about $250m. It was signed two days ago by Foster Wheeler and the Nigerian National Petroleum Corporation.

Much of the engineering work for the project will be carried out by Foster Wheeler Energy—the major UK arm of the group—which is based in Reading, Berkshire.

Initial plans for the complex cover the building of 12 heavy chemical and plastic plants. These will include a 60,000-tonnes-a-year polypropylene plant, 175,000 tonnes a year PVC plastic resins and compounds plant and at least 150,000 tonnes a year of polyethylene plastic capacity.

The complex will use gas liquids—ethane, propane and butane—as raw materials. At present, Nigeria has to burn off substantial quantities of gas which are produced in association with its crude oil.

Petrochemicals and plastics produced at the complex will be aimed chiefly at Nigeria's domestic market in the hope of replacing imports.

The site of the complex, which is due to be completed in 1987, has yet to be decided but it will be in the Lagos area. About 10,000 people will be employed during construction.

Continued from Page 1

BP, Sohio

$227.2m was made by a partnership between Exxon and Marathon Oil, which offered only $129m.

The Alaskan lease sale effectively kicked off a five-year federal programme to open up most of the U.S. coast to oil and gas exploration. The Energy Department and the Interior Department had anticipated about $1bn in bids for the Alaskan sale, a figure generally regarded as conservative by the oil industry.

THE LEX COLUMN

Weaving a future for Carrington

Vantona's share price has been weak for days, and it span downwards again yesterday afternoon on increasingly firm reports that it was about to assume the white man's burden by taking over Carrington Viyella. The problem of what to do about Carrington has been buzzing around the industry ever since ICI, which owns 49 per cent, signalled early last year that it wanted to be rid of the company. It wrote its Carrington shares sharply down to their par value of 25p—well above the market value then and now—and let it be known that it was not prepared to put up another penny.

Since then, Carrington has been shown round a long list of possible suitors. At the trading level, some management action had restored a semblance of stability. But the group's sound businesses were burdened by a mountain of debt and the balance sheet continued to deteriorate as losses built up at the attributable level and a small underlying cash drain continued.

Carrington was in a position which it could not trade out of under its own steam and no-one should imagine that a company the size of Vantona is going to have an easy ride. There looks to be a splendid fit in the household textiles business with Carrington's Dorma interests—the jewel in a very battered crown—but there is also nearly £60m of debt.

Vantona has a lightly geared balance-sheet but not a big one. It has 21½m shares in issue at the moment, compared with Carrington's 182m. Assuming that the bidder offers something like one of its own shares for eight Carrington, it will more than double the amount of paper on issue and ICI will end up holding a quarter of the combined group. Presumably ICI would agree to hold on to these shares for some considerable time, while Vantona might be unlikely to proceed without some sort of ICI loan guarantees backing part of the debt.

On this basis, a pro-forma balance sheet will be well over 50 per cent geared, but it is the gearing of the revenue account that would give Vantona the most headaches. Carrington is no sort of asset strip—Dorma could be sold tomorrow, of course, but what would be left? Vantona presumably believes that it is buying some worthwhile businesses at the bottom of the textile cycle. If it is proved right, and the cycle really does turn, this daring venture could be most rewarding. But it usually makes more sense to buy companies off large troubled groups, rather than taking over the lot.

Index unchanged at 604.9

News International

Times Newspapers is still far and away the principal drain on the Murdoch coffers. News Corporation, the Australian parent, has squarely blamed the UK operation, News International, for the 28 per cent earnings decline it has suffered in the year to June.

Since NI's own profits have tumbled from £26.1m to £3.2m pre-tax over the same period, the Australians clearly have a point. TNL lost about £15m in the year to June, compared with perhaps £3m in its short period of consolidation during the previous year. The launch of Sunday magazine has boosted the News of the World circulation but, at a time when advertising rates are being heavily discounted, the new venture must be some distance from break-even.

The rest of the News empire was roughly marking time, with the damage caused by the circulation war in New York presumably being balanced by the Australian interests. News has been expanding boldly on all fronts, and the present fall in interest rates, coupled with lower newsprint costs, will be welcome relief.

Empire Stores

The reason for Empire Stores' warm response to the GUS takeover offer became abundantly clear yesterday. With a pre-tax loss of almost £2m for the half year to August, and an anything but hopeful statement for the rest of the year, Empire is showing acute signs of a company going nowhere. It is caught in a market bearing the brunt of high unemployment and the remedies it has tried so far are just not working.

Like its fellow mail order companies, Freemans and Grattan, Empire has been particularly hit by a steep increase in bad debts. Its strategy was to ride through the bad patch by hiring more agents and stepping up sales. In the event, unit volume went down, while the cost of financing higher stock and a big increase in debtors has pushed up borrowings "significantly"—the interest charge rose by more than 40 per cent to £902,000.

Although there should be a Christmas trading improvement in the second half, year end losses will probably be around £1m, and gearing, standing at about 49 per cent at the end of last year, will be up. GUS, which pitched its 113p offer price last April at close to net asset value, may well be wondering how generous it wants to be if it is given another chance to bid.

Money supply

The Federal Reserve is doing everything short of buying prime TV time to tell investors to look the other way when tonight's money figures are published, and the Bank of England is also running into problems of interpretation. Today's STC offer for sale, with instant premiums for all, is sure to be heavily subscribed on borrowed money over next week's make-up day, possibly making a shambles of the October money figures. And the September figures, with £2bn of private sector bank lending, seasonally adjusted, have problems of their own.

Since someone at the Treasury forgot to reduce the rate of interest paid on Certificates of Tax Deposit, oil companies seem to have held on to their CTDs and paid their North Sea tax bills either by repatriating foreign currency deposits (which means that total M3 grew ta only half the rate of sterling M3) or by borrowing. That must have boosted the bank lending figure—while not affecting money growth—but even so there is probably an underlying increase. Corporate borrowing seems to be well up in general, hinting perhaps at some involuntary stockbuilding. These figures show a weak economy, not an imminently burgeoning one.

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